Episcopal Diocese of Kentucky
Narrative Budget for 2018

Introduction

The 2018 diocesan budget is a resource for the people of the Episcopal Diocese of Kentucky, thirty-six worshipping communities across the geography that stretches north to south from the Ohio River to the Kentucky Tennessee state line and east to west from the Shelby and Taylor County lines to the Mississippi River.

Our Episcopal Church, correctly titled the Domestic and Foreign Missionary Society, is organized by our constitution and canons as a connected denomination of dioceses, with each diocese as the beacon for God's Gospel of grace, through the work of individual points of mission delivery we call parishes, missions, and ecclesial communities. While we may differ on some issues, we are committed to Christ's work in the world through the ministry and mission to all who live in this piece of geography. Ours is not an internal ministry, but is one fed by our sense of community and our common worship to take the Good News of Christ's redemptive message and healing ministry to ALL people inside and outside the doors of our buildings.

Our Vision Statement is clear: "…our Diocese is called to carry out God's mission in the world and spread the Good News of Jesus Christ." Thus, we, the people who are the Diocese of Kentucky, have a clear imperative to identify and provide resources for that mission and ministry.

We work hard to not only serve as "missionaries" in a broad sense, but to constantly remember that, as the motto of the Commonwealth of Kentucky states, "United we stand, divided we fall." We have stood together in that mission for 190 years, and God willing, we will stand together into eternity. By our very name, the Episcopal Church, we are to understand and give thanks that all our congregations and agencies are connected through the office of our chief pastor and overseer, a Bishop, and an annual convention of deputies elected by each congregation.

This narrative overview of our operating budget will provide information regarding the abundance of financial resources available, and will illustrate how those resources equate with people and programs to enhance and further our domestic and foreign mission.

Therefore, this budget is an organized pathway to provide resources for mission across the diocese, the nation, and the world. Above all, it is our budget, one that speaks to requests, needs, hopes, and visions expressed by all of us, the people of the Diocese of Kentucky.

AN IMPORTANT MESSAGE FOR ALL CLERGY, WARDENS, TREASURERS, VESTRIES/BISHOP'S COMMITTEES, AND STEWARDSHIP CHAIRS:

Please note that the budget for 2018 is balanced with one-time income from bequests, sale of property, and prior years' surplus because our projected expenses exceed our recurring income from congregational assessments and endowments. This is NOT due to significant increases in expenses. In fact, other than estimated increases to cover insurance coverage and diocesan office utilities (sewer already approved for 6.5%), a modest 1.5% COLA for eligible diocesan staff, two merit raises, and increased insurance premiums.

Further, on the income side, the 2015 Diocesan Convention passed a canonical revision that LOWERS each congregation's expected contribution to diocesan-provided mission and ministry from 15% to 13%. Even if **every congregation** followed the canon and remitted 13% as they should, we cannot balance the 2018 budget without using one-time income in an already bare-bones budget. If every congregation made a 15% remittance, we would possibly be able to provide, as canonically required, a balanced budget, without using one-time income. In 2017, half of our congregations made a 15% remittance, providing much-needed income. Their sacrificial contributions, along with substantial increases from other congregations who had given less than either 13 or 15% in years past, has eased the shortfall. We are asking any of our congregations to continue or initiate a 15% assessment. Therefore, we request that clergy and wardens communicate this to membership of every congregation, to ensure that there is full and sufficient knowledge of the opportunities and challenges. Please continue to prayerfully and carefully discern your congregation's investment in God's work in this diocese and the wider church.

Your diocesan budget committee members are available to meet personally with the leadership and/or members of every congregation by invitation.

INCOME: **$ 1,684,942**

Our income is derived from these major sources:

+ Each congregation's contribution to the wider work of the church across the diocesan geography ($1,057,308 at 13% from 23 congregations, 8 at 15%, 4 > 13%)
+ Prudent income from diocesan-managed investments ($124,885)
+ Bishop Dudley Trust Fund for the support of the Episcopate ($192,000).
+ The Tachau Trust, for the support of the Canon to the Ordinary ($12,326)
+ Special and Individual Gifts $ 208,423 (one-time income)
+ Brennan Fund for Theological Education $ 75,000

+ Prior years' surplus $ 14,876 (one-time income)

It is the strong conviction of your Bishop, Trustees and Council, and budget committee that we refrain from using one-time contributions, grants, or bequests to balance an operating budget. Such income is more prudently used to provide investment income to sustain the work of God in this diocese for the long haul.

It is our hope that **every** vestry and bishop's committee, **every** member of **every** congregation, will carefully and prayerfully consider ways in which to reach or exceed the minimum 13% goal, because to do so is to indeed honor our baptismal commitment to seek and serve Christ in all persons, respecting the dignity of every human being. Further, if we all contribute equally, we can all share equally in diocesan and denominational financial resources

DISBURSEMENTS: $1,684,942

It is important to note that resources provided by diocesan clergy staff are supporting individual congregations in many ways:

Several of our congregations are in clergy transition, requiring additional time and effort by the Canon to the Ordinary/Transition Officer to assist those congregations in planning, recruiting, and implementing calling new clergy. This additional, considerable work is funded by your congregational assessment.

The same is true for the work of the Canon for Congregational Vitality, who serves as chair of the Department of Mission and Evangelism, oversees the Mission Funding process, aided parish requests, and other departmental management; works to foster Episcopal/Lutheran partnerships, provides congregational Listening Days, facilitates congregational strategic planning task forces, stewardship workshops, and many other local resources and opportunities. These numerous consultations, too, are paid for by each congregation's assessment.

Our college chaplains provide essential ministry and mission to encourage young adults to become and remain active members of our denomination, bringing needed life and energy into our diocese. We have negotiated an agreement with the Indiana-Kentucky Synod of the Evangelical Lutheran Church of America to provide a joint campus ministry at the University of Louisville at a savings of approximately $10,000.

Our disbursements are grouped in three broad categories:

A. Diocesan Departments: $ 457,792

1. Evangelism and Congregational Development ($105,000), chaired by the Canon for Congregational Vitality, provides Mission Funding grants to congregations and Jubilee Ministry Centers to begin and/or enhance missional programs in their service areas,

assistance for a five-year period to aided parishes requesting that designation, and resources and technology to support these activities. The requests from congregations for mission funding have decreased, demonstrating more local congregational resources; only one congregation has requested aided parish status. The ongoing work of the Department is summarized in the report to the 190th Diocesan Convention. A slight increase over last year derives from the requests from individual congregations and Jubilee Centers

2. Christian Formation funding ($322,422) provides resources for college ministries (Murray State, Western KY, and University of Louisville, including chaplaincies); Diocesan School for Ministry; University of the South Education for Ministry (EFM Scholarships); Leadership Training and Christian Formation workshops. Also included are resources to provide various youth programs such as Gathering, Acolyte Festival, etc. This category also funds expenses for our summer camp programs and a subsidy for operation of All Saints Camp and Conference Center. The 2018 budget provides a subsidy of $117,000 for center facility operations and a director. This is a decrease of $ 4,000 over 2017. Other increases include a modest cost-of-living adjustment for college chaplains, per diocesan policy.

3. Jubilee and Justice funding ($1,050) the same as the previous year. This provides small grants and assistance for our diocesan Jubilee Centers; four of these, St. George's Scholar Institute, St. George's Community Center, Aaron McNeil House, and KY Refugee Ministries receive assistance through the Mission Funding program.

4. Finance and Stewardship expense ($29,300) primarily funds the required external audit of the diocesan books and all accounts and funds. This amount reflects a price increase from present auditors; Trustees and Council will attempt to request bids to obtain a lower cost.

Budgets for the Departments of Mission and Evangelism and Finance and Stewardship also include a Congregational Leadership Conference, vital to provide hands-on leadership training for congregational leaders.

B. Episcopal Church and Ecumenical Outreach: $224,442

Episcopal Church USA program is the largest amount here $200,242 (a decrease of $10,582). At the last General Convention, a majority of deputations voted to ask for an 18% contribution of each diocesan budget, decreasing to 15% by 2018. We are budgeting the 2018 requested 15%, because we are a constituent of the greater Episcopal Church, following the will of the governing body, and by so doing, we can request financial support through denominational grants and resources. Dioceses who do not meet the requested assessment must go through a lengthy justification process, and may not be funded. Other line items here are assessments for our participation in Province Four Synod (SE USA), contributions to the University of the South, expenses to send deputies to the 2018 General Convention, a fund to send the Bishop to the 2018 Lambeth Conference of the Anglican

Communion, and membership in the KY Council of Churches.

All of these items enable us to be a full and active partner in the wider church, with seat, voice, and vote as applicable. We feel that if we expect congregations to make a 15% diocesan assessment, we must also do the same across the broader denomination. To do less is disingenuous.

C. Diocesan Operational Costs: $ 831,867

These items are also directly related to providing ministry and mission across our geography. Every staff position interfaces at some level with local congregations and their clergy. Each is tasked with a piece of the care and support of every congregation and diocesan department. We must also provide a base of diocesan operations, the equipment and technology for staff to perform their functions, the ability to communicate with everyone in the diocese, and items related to behind-the-scenes resources for specific ministries.

1. Diocesan Staff Compensation: $831,867 (with increases in health insurance premiums, a modest COLA, and a small merit raise for two positions, required by policy) includes the Bishop's package, primarily funded by the Dudley Trust, packages for the Canon to the Ordinary, Canon for Congregational Vitality, Assistant for Administration and Communications, Youth Coordinator, Controller, and Financial Assistant.

2. It is important to note that the Canon to the Ordinary, Canon for Congregational Vitality and the Financial Assistant are resource positions who devote upwards of 60% of their time to local congregations by providing on-the-ground assistance and consultation. The Canon to the Ordinary is engaged with all the necessary transition activities with half our congregations, as well as being chief of diocesan staff, responsible to the Bishop for day-to-day management and administration; the Canon for Congregational Vitality provides oversight and consultation for over a dozen initiatives with congregations across the diocese, as referenced above. A private consultant performing these many duties would cost over $1000/day plus expenses.

3. The Financial Assistant conducts congregational financial reviews in addition to assisting the controller in the fiscal management of diocesan financial resources. **The resources provided through these positions were requested by the people of our diocese and provide direct, hands-on services to individual congregations**. They are, then, a response to needs and hopes expressed by us across the diocese. The Controller is the Chief Financial Officer for our diocese and provides management, accounting and bookkeeping services for over twenty separate funds in our endowment, as well as the general fund, congregational assessments, and the annual audit by an independent firm. The packages for these positions are in line with, or slightly below, similar positions in the other dioceses of Province Four, in the Southeast United States. Increases over prior years are due primarily to projected 10% increases dictated by the Medical Trust for health and life insurance premiums.

4. The Diocesan Youth Coordinator position is currently vacant, but the budget provides for filling this as a full-time position that provides direct services and resources for congregations. Qualified applicants for a part-time position were very scarce; formation of our youth and children is an essential, needed, and necessary ministry of our diocese and each constiuent congregation. Done correctly, resources for this are best done with a full-time staffer.

5. Other diocesan staff costs include workers compensation insurance premiums, fringes, merit raises and cost of living adjustments.

6. Diocesan Office Costs ($127,137), a $6,803 decrease, includes lease payments for office space and parking to the Cathedral, utilities, telephone, office supplies, equipment, technology hosting and internet services, property and liability insurance. and repayment of loans for computer equipment and the bishop search process. The lease with the Cathedral is the same as the previous year; utility costs are projected at $25,000.

7. Communications ($13,159) includes line items for website, training in new technology, marketing design, equipment, and an increase for a bi-annual publication to be mailed to every household in our diocese. This will provide communication to people who have no internet access. The totals for other items is less than in the previous year, again due to scrutiny of these expenses by the responsible staff members.

8. Other diocesan costs, ($30,545, a decrease of $1,305, for contingencies) include funding of support for the retired clergy chaplain, the diocesan convention journal and convention expenses, and clergy deployment expenses (background checks for candidates, etc.), diocesan commissions for ministry, liturgy, and ecumenism, expenses incurred in performing the duties of the chancellor, archivist, and historiographer.

Future Hopes and Visions

There are several items not listed in the 2018 budget which both Bishop White and Trustees and Council consider as vital missional and ministry opportunities for which no or very limited resources exist; vestries and bishop's committees may want to consider how their congregations could embrace and provide resources to make these a reality:

1. Funding and implementation of an Urban Strategy plan in which four congregations plus three other supporting congregations, partner with each other, other denominations, and secular organizations to truly make a difference in the West End, avoid duplication of services, and serve as a catalyst for community organization. Canon for Congregational Vitality, the Very Rev. Jason Lewis, is facilitating a task force that is currently sharing resources and programs, including Coffee Hours, Vacation Bible School, and two Laundry Love free monthly laundry services in Old Louisville and West Louisville. Increased funding is needed for St. George's Community Center's programs.

2. Eleven congregations in the center of our diocese, now working in groups of four, are discerning ways to provide strong lay and clergy leadership for ministry and mission.

3. Expanding our college and university chaplaincy to include the Kentucky Community and Technical College System (KCTCS).

4. Continuing advocacy for, and training, in anti-racism.

Total Costs Summary

The total costs for our 2018 operational budget shows, at this point, a 1.5% increase of $24,842 over 2017., primarily for increased insurance costs and other items noted previously. Many line items remain the same as in the 2017 budget, while several have been decreased.

We have, and will continue to work to reduce expenses without sacrificing program and ministry, but we have reached an impasse; we continue to use one-time income for reoccurring expenses. If every congregation's assessment were funded at 15% of their unrestricted income, we could build our endowment income to provide funding for new initiatives as noted above. If every congregation will embrace the vision that we will all reap the dividends of doing so, there would be resources to promote revitalization, re-visioning, and embracing the mission opportunities at our doorsteps. Vestries and bishop's committees can continue to learn how to better manage financial and property resources to channel expenses from property to program, from maintenance to mission. Through enhanced communication abilities, we can foster a renewed spirit of cooperation between congregations, working toward regional or area mission strategies, rather than individual congregational survival. We are all constituent entities of the Diocese of Kentucky, and it is up to all of us to support the ministry and mission to which God calls our diocese.

The important message here from Trustees and Council and the Budget Committee is that this is a budget focused on ministry and mission, not maintenance. We continue to emphasize that staff positions are providers of services, training, programs, and hands-on assistance, and thus resources that directly and positively affect the work of individual points of mission delivery, our congregations.

Using the metaphoric example of the Louisville Fire Department, the Bishop is the Fire Chief, each congregation is one of thirty-six fire stations, serving the surrounding neighborhoods, the diocesan staffs are the command, training, and administrative fire department staff. We are one department, not thirty-four. It takes all of us, each station, to provide services and spiritual protection, just as it takes each fire station in the department to protect lives and property, by working together. While each of Louisville's fire stations may have an individual budget, the fire department has a budget to support the big-picture of the department's mission to protect and serve. So, too, we have a budget to support the big-picture mission of our diocese, to likewise protect and serve. It is up to us to fund it. It is up to us to work together. We are the hands and feet of the God we serve. We respectfully ask that every vestry, bishop's committee, and clergy person communicate this budget and its purposes to your constituency, the people in the pews (or chairs) for prayerful and thoughtful consideration. We welcome your questions and input, as you discern and deliberate your important and vital role in the future of who we all are, the Episcopal Diocese of Kentucky.

Please take to heart the words of the Prayer for the Unity of the Church, BCP, p. 818: ...that, as there is but one Body and one Spirit, one hope of our calling, one Lord, one Faith, one Baptism, one God and Father of us all, so we may be all of one heart and of one soul, united in one holy bond of truth and peace, of faith and charity, and may with one mind and one mouth glorify You, O God, through Jesus Christ our Lord. Amen.

For Trustees and Council of the Diocese of Kentucky, Budget Committee

The Rev. Karl Lusk, Chair
The Rev. Candyce Loescher,Co-chair
Dr. Bill Albritten

Mr. Jim Barnes, Assistant Treasurer
Mr. David Brooks, Treasurer
Ms. Chris Thorowgood
Ms. Susan Sauls
Mr. Lew Spears, chair, Department of Stewardship and Finance
Mr. Austin Waggoner