

The General Convention Budget

2007 – 2009

Proposed Budget 2007 – 2009: Background

The triennial budget:

- **Reflects the Church's mission and priorities**
- **Includes input from staff and Executive Council**
- **Must be balanced financially**

Proposed Budget 2007 – 2009: Process

The timeline until now:

- **August 2003:** Program, Budget & Finance requests that Executive Council establish budget priorities to assist in budget building
- **May 2005:** Management and mission staff prepared initial request submissions based on flat spending
- **June 2005:** Executive Council reaffirmed the importance of the budget priorities established in 2003
- **July 2005:** Requests reviewed with each department head in keeping with budget priorities
- **September 2005:** Management completes preliminary submission to Administration & Finance Committee
- **October 2005:** A&F receives and discusses proposed budget; suggests modifications

Proposed Budget 2007 – 2009: Process

The timeline (*continued*):

- Fall 2005: A&F comments incorporated into refined budget
- **January 2006: A&F reviews and discusses budget and recommends to full Executive Council**
- January 2006: Executive Council reviews, debates and approves budget
- **February 2006: PB&F receives and discusses proposed budget**
- April 2006: Proposed budget distributed to General Convention deputies and discussed at Provincial Synods

Proposed Budget 2007 – 2009: Priorities

- **Executive Council, management and mission staff questioned:**
 - Should the five priorities established for the 2004 – 2006 budget continue?
 - Should additional initiatives be added or be substituted?
- **Conclusion:**
 - Significant momentum has grown around the existing priorities which continue to be important
 - Some activities can be and are being done elsewhere and often in collaboration with Church Center staff.
- **The Executive Council unanimously reaffirmed that the five priorities be continued**
 - Emphasizing that mission depends on increased leadership capacity of clergy and lay leaders

Proposed Budget 2007 – 2009: Priorities

1. YOUNG ADULTS AND YOUTH

- intentional inclusion and incorporation in the thinking, work, worship and structure of the Church

2. RECONCILIATION AND EVANGELISM

- Reconciling and engaging those who do not know Christ and who are not yet members of the church

3. CONGREGATIONAL TRANSFORMATION

- Revitalizing and transforming congregations through leadership development...greater diversity and mission

4. JUSTICE AND PEACE

- Reaching out to the dispossessed, imprisoned and otherwise voiceless

5. PARTNERSHIPS

- Reaffirming the importance of our partnerships in the Anglican Communion, with ecumenical and interfaith partners and beyond

Proposed Budget 2007 – 2009: Challenges

- **How to:**
 - Pay for the ever-increasing costs of doing mission
 - Maintain new program spending introduced by GC 2003
 - Restore the future purchasing power of the endowment funds (e.g., reduced dividend payout rate)
 - Repay accumulated costs of 40 years of deferred maintenance
 - Accumulate reserves for recurring items (e.g., Presiding Bishop elections, installations and transitions; support for World Council of Churches septennial meetings)
- **Initial spending requests were \$4.7 million higher than expected revenue**

Proposed Budget 2007 – 2009: Executive Council Revisions

- **Support for the Anglican Consultative Council is important**
 - Increase the block grant by \$550,000 to the full asking
 - Offset the increase by maintaining support at 2006 levels to Liberia and historically Black Episcopal colleges; and eliminating block grants to several domestic programs where work has been re-envisioned and reorganized
- **Highlight that spending in support of the 0.7% Millennium Development Goals represents approximately 8.0% of the budget**
- **Clearly identify that the cost of services contributed to agencies not consolidated in the DFMS financial reports along with the rental value of occupied space will total approximately \$2.4 million during the triennium**

Proposed Budget 2007 – 2009: Overview

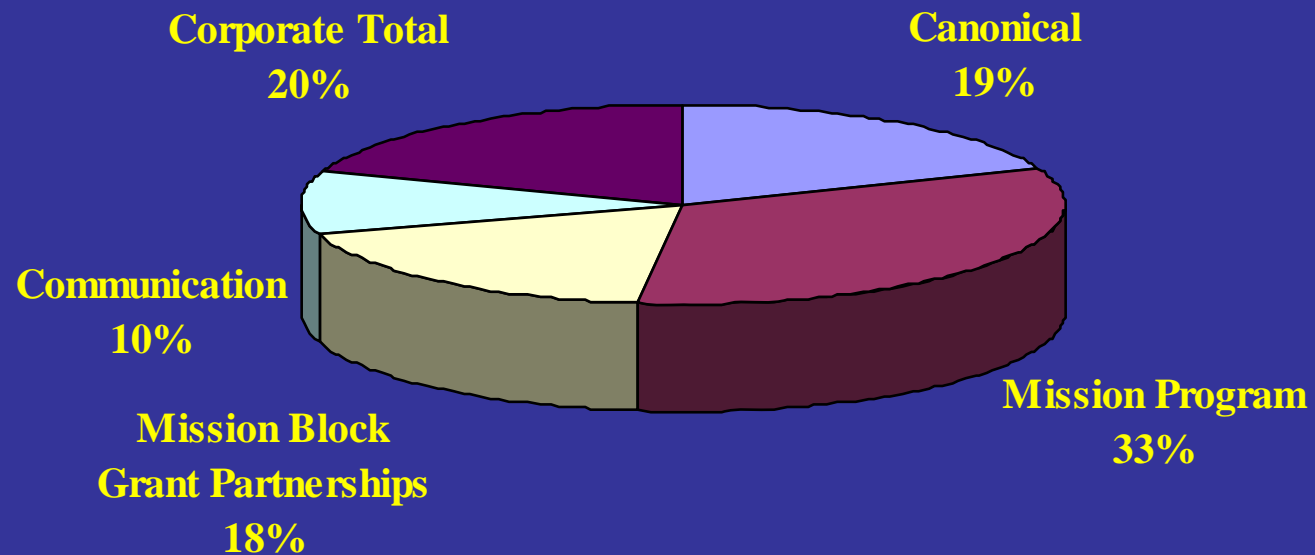
\$ 000s

	2007-2009	2004-2006	Next vs. Current Triennium	
	Triennium	Triennium	Increase	Increase
	Jan-06		(Decrease)	(Decrease)
	\$	\$	\$	%
<u>Revenues</u>				
Diocesan Commitments	92,378,494	85,319,237	7,059,257	8%
Extra-diocesan Receipts	450,000	565,380	(115,380)	-20%
Investment Income	29,925,321	30,573,342	(648,022)	-2%
Episcopal Books & Resources	2,069,000	1,565,325	503,675	32%
Episcopal Life	6,261,845	5,341,184	920,661	17%
Government Revenues	17,327,000	17,540,733	(213,733)	-1%
Net Rental Income after Taxes	2,211,828	-	2,211,828	n/a
Other	1,365,950	1,111,950	254,000	23%
Total Revenues	151,989,438	142,017,151	9,972,286	7%
<u>Expenditures</u>				
Canonical Total	28,888,774	27,351,864	1,536,909	6%
Mission Program Total	50,413,674	47,321,868	3,091,806	7%
Mission Block Grant Partnerships T	27,808,454	28,607,547	(799,092)	-3%
Mission Program Total	93,664,143	90,727,315	2,936,827	3%
Corporate Total	24,591,898	23,919,242	672,656	3%
Debt Financing and Repayment	5,665,645	-	5,665,645	n/a
<i>Reduced total staff costs</i>	(825,000)	-	(825,000)	
Total Expenditures	151,985,460	141,998,422	9,987,038	7%
Budgetary Net Income	3,978	18,730	(14,752)	n/a
Staff Costs	54,015,585	50,579,610	3,435,975	7%
Other Costs	97,969,875	91,418,812	6,551,064	7%
Total Costs	151,985,460	141,998,422	9,987,038	7%

Proposed Budget 2007 - 2009: Spending Assumptions

- **Total spending up 7% compared to current triennium**
- **Maintained the thrust of the \$1 million added by GC 2003 to support young adults and youth ministries**
- **Leadership development assisted by significant sponsorship – \$225,000 – of Fresh Start program for clergy and parishes in transition**
- **Churchwide Advertising Collaborative increased**
- **Repayment of line of credit for deferred building maintenance**
- **Achieve \$275,000 annual reduction in staff costs through attrition and retirement**

Proposed Budget 2007 – 2009: Expenses



Proposed 2007 – 2009 Canonical Expense Overview

\$ 000s

	2007-2009	2004-2006	Next vs. Current Triennium	
	Triennium	Triennium	Increase	Increase
	Jan-06		(Decrease)	(Decrease)
	\$	\$	\$	%
<u>Canonical</u>				
Office of the Presiding Bishop	5,111,975	4,860,198	251,777	5%
Title IV & Other Extra Episcopal Expenses	300,000	312,804	(12,804)	-4%
House of Bishops	669,000	638,223	30,777	5%
House of Deputies	348,515	319,582	28,933	9%
Office of the General Convention	3,487,247	3,455,228	32,019	1%
Gen. Convention - Site, Facilities & Secretariats	3,166,350	3,061,495	104,855	3%
GC - CCABs	2,395,500	2,882,721	(487,221)	-17%
GC - Presiding Bishop Installation Expenses	52,500	122,500	(70,000)	n/a
Office of the Bishop Suffragan for Chaplaincies	2,869,066	2,359,157	509,909	22%
Office of Pastoral Development	1,168,681	1,143,432	25,249	2%
Office for Ministry Development	1,700,565	1,491,324	209,241	14%
Church Deployment Office	2,048,665	1,757,535	291,130	17%
General Board of Examining Chaplains	585,744	585,438	306	0%
Liturgy & Music	492,109	509,245	(17,136)	-3%
Archives	2,548,748	1,991,282	557,466	28%
Ecumenical & Interfaith Relations	1,944,109	1,861,702	82,407	4%
Canonical Total	28,888,774	27,351,864	1,536,909	6%

Proposed 2007– 2009 Canonical Expense Detail

- **PB's Office -- Increased travel, special meetings, hospitality**
- **Title IV expenses can never be accurately forecast**
- **Church Deployment Office -- Expanded research and development and Fresh Start program for clergy and parishes**
- **Ministry Development – expanded Pastoral Leadership Search Effort**
- **Archives -- Increased Rent at current location; increased assistance for General Convention research; addition of a Digital Content Management staffer**
- **CCABs – establish reserves for PB's Transition Committee, PB Installation and PB transition expenses, to reduce the “ninth-year” expenses; identify savings to offset cost of first full CCAB members meeting added in November 2006**

Proposed 2007 – 2009 Program Expense Overview

\$ 000s

	2007-2009	2004-2006	Next vs. Current Triennium	
	Triennium Jan-06 \$	<i>Triennium</i> \$	Increase (Decrease) \$	Increase (Decrease) %
<u>Mission Program</u>				
Program Ministries Support	1,725,527	1,145,417	580,110	51%
Anglican & Global Relations	9,754,548	8,838,600	915,948	10%
Ethnic Congregational Development	4,427,134	4,236,960	190,174	4%
Women's Ministries	1,149,920	1,000,995	148,926	15%
Congregational Development	4,146,683	3,618,513	528,171	15%
Peace & Justice Ministries	5,956,363	5,609,107	347,256	6%
Ministries with Young People	5,196,519	5,004,349	192,170	4%
Refugees/Episcopal Migration Ministries	18,056,980	17,867,927	189,053	1%
Mission Program Total	50,413,674	47,321,868	3,091,806	7%

Proposed 2007– 2009 Program Expense Detail

- **Mission Funding program should be largely self-funding after initial start-up costs**
- **Anglican and Global Relations – increased spending for Asia and Pacific programs; Appointed Missionaries; Young Adult Service Corps**
- **Peace and Justice Ministries – Jubilee Grants, while less than shown in budget because of Executive Council additional funding, actually doubles from \$150,000 approved by 2003 General Convention to \$300,000**
- **Ministries with Young People – maintains the essential thrust of the \$1M added by 2003 General Convention**
- **Episcopal Migration Ministries – expands Special Assistance Grants to affiliates**

Proposed 2007 – 2009 Partnerships Expense Overview \$ 000s

	2007-2009	2004-2006	Next vs. Current Triennium	
	Triennium Jan-06 \$	Triennium \$	Increase (Decrease) \$	Increase (Decrease) %
<u>Mission Block Grant Partnerships</u>				
Overseas Partnerships & Covenants	13,890,021	14,174,733	(284,712)	-2%
Domestic Appropriations	9,037,873	9,475,745	(437,872)	-5%
Ecumenical Appropriations (WCC & NCC)	1,629,000	1,598,523	30,477	2%
Episcopal Relief & Development (ERD)	3,026,560	2,908,546	118,014	4%
Support to Episcopal Church Foundation	225,000	450,000	(225,000)	-50%
Mission Block Grant Partnerships Total	27,808,454	28,607,547	(799,092)	-3%

Proposed 2007– 2009 Partnership Expense Detail

- **Overseas Grants – increased commitment to the Anglican Communion**
- **Domestic Grants – reduced about 5% but most recipients maintained at 2006 level**
- **Includes block grants of \$600,000 to ERD and \$225,000 to ECF**
- **Includes \$171,000 not allocated to specific overseas dioceses**

Proposed 2007 – 2009 Communication Expense Overview \$ 000s

	2007-2009	2004-2006	Next vs. Current Triennium	
	Triennium Jan-06 \$	<i>Triennium</i> \$	Increase (Decrease) \$	Increase (Decrease) %
<u>Communication</u>				
Communication + Media Services	6,683,297	6,745,363	(62,065)	-1%
Episcopal Life	6,790,252	6,063,424	726,828	12%
Episcopal Books & Resources	1,968,464	1,989,114	(20,650)	-1%
Communication Total	15,442,014	14,797,901	644,113	4%

Proposed 2007– 2009 Communication Expense Detail

- **Increased Churchwide Advertising Collaborative spending from \$750,000 to \$825,000**
- **Elimination of several contracted consultants reduces employee costs nearly \$700,000**

Proposed 2007 – 2009 Corporate Expense Overview

\$ 000s

	2007-2009	2004-2006	Next vs. Current Triennium	
	Triennium Jan-06 \$	Triennium \$	Increase (Decrease) \$	Increase (Decrease) %
<u>Corporate</u>				
Chief Operating Officer	1,424,557	1,353,059	71,497	5%
Human Resources	2,318,498	2,183,581	134,917	6%
Retirees and Workers Compensation	2,134,575	2,096,456	38,119	2%
Management Information Systems	2,873,181	3,010,513	(137,332)	-5%
Controller's Office	3,849,732	3,570,280	279,452	8%
Treasurer's Office	5,054,686	4,687,967	366,718	8%
Purchasing	785,000	752,788	32,212	4%
Mail Center	2,244,966	2,086,738	158,229	8%
Telecommunications	1,139,689	1,340,898	(201,208)	-15%
Building Services	5,193,575	5,145,507	48,067	1%
Allocation of Services Contributed to ERD	(2,426,560)	(2,308,546)	(118,014)	5%
Corporate Total	24,591,898	23,919,242	672,656	3%
Debt Financing and Repayment	5,665,645	-	5,665,645	n/a
<i>Reduced total staff costs</i>	(825,000)	-	(825,000)	

Proposed 2007– 2009 Corporate Expense Detail

Corporate

- Repayment of Line of Credit for 815 Renovation

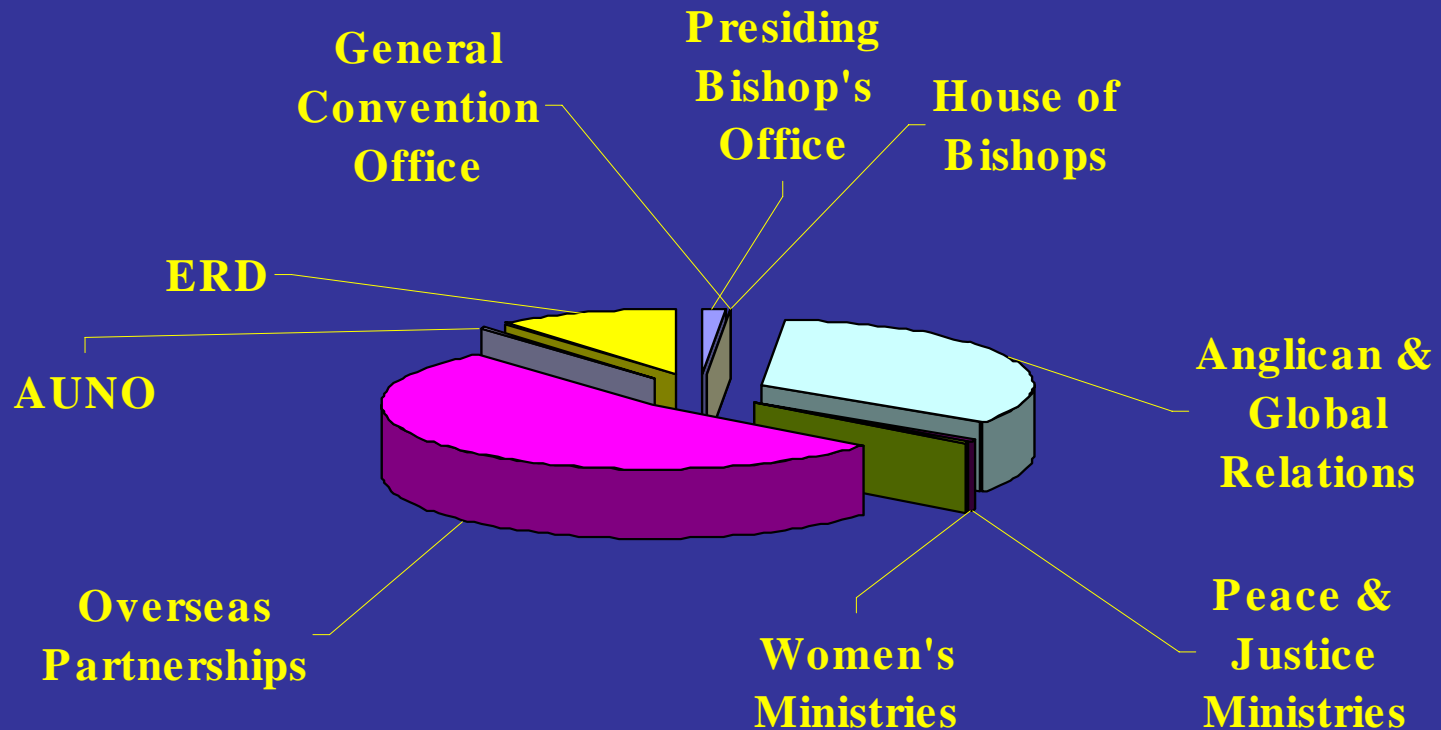
System-wide

- Savings through staff attrition and retirement and other Canonical, Program, Communication and Corporate reductions
- Costs of services contributed by DFMS to ERD and unconsolidated Agencies will amount to approximately \$4.4 million over three years

Proposed 2007 – 2009 Contributed Services

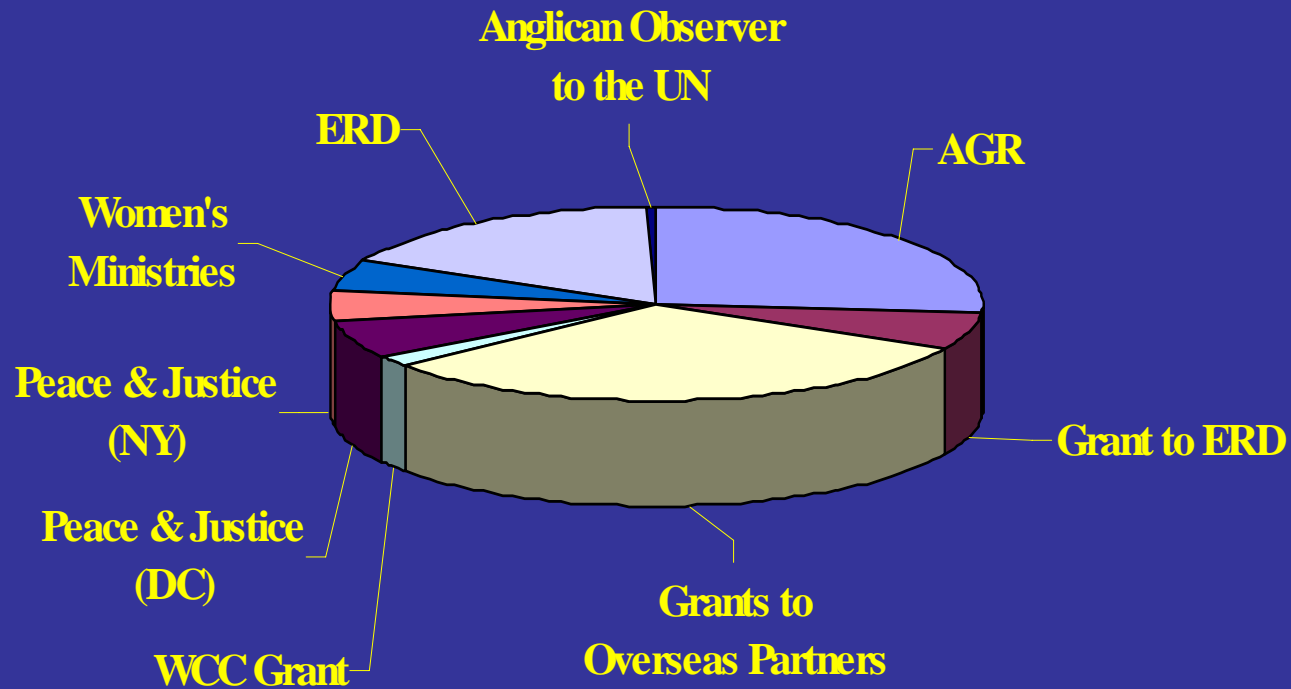
- **Eight agencies are currently housed at the Episcopal Church Center**
 - Anglican UN Observer
 - Church Periodical Club
 - CUAC / Int Partnership for Learning
 - Episcopal Church Building Fund
 - Episcopal Church Foundation
 - Episcopal Relief and Development
 - National Association of Episcopal Schools
 - Prayer Book Society
- **Only ERD is directly consolidated in the budget of the DFMS**
- **Many were established by prior GC action and have been resident for 30+ years**
- **Services provided to the *unconsolidated* agencies cost a little over \$500,000 during a triennium**
 - Identifiable costs (postage, telephone, IT) are generally charged and recovered
 - Other costs (utilities, mail services and telecommunications) are allocated based on square footage of space occupied
- **Rent not charged to all agencies for space occupied represents nearly \$2 million**

DFMS Support for the Anglican Communion 2004 – 2006



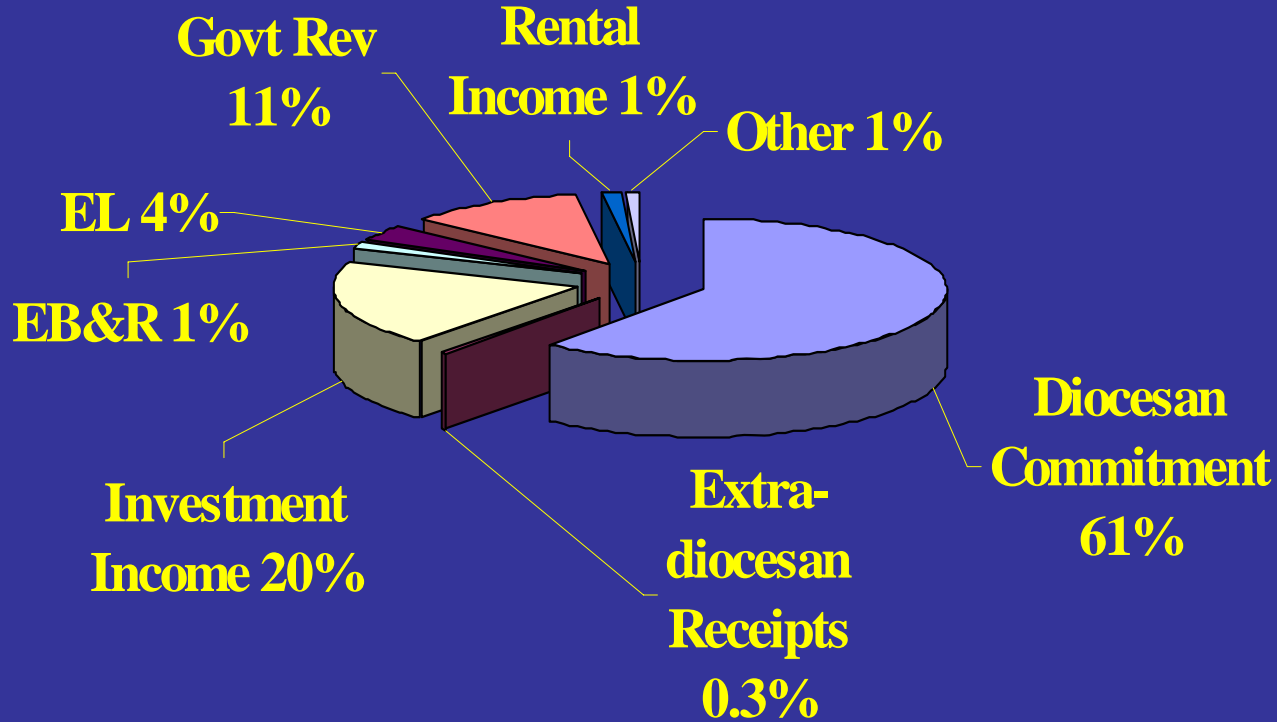
We conservatively estimate that spending in excess of \$26.5 million, or 21% of DFMS non-government expenditures, directly supported the mission of other Anglican Communion provinces during the current triennium. Indirect spending for administration is at least an additional \$1.7 million.

Support for Millennium Development Goals 2004 – 2006



Non-government revenue 2004 - 2006	\$ 124,476,418	of which 0.7% equals	\$871,335
Actual direct and indirect spending attributed to MDG goals	\$ 9,950,546.00	equals	8.0%

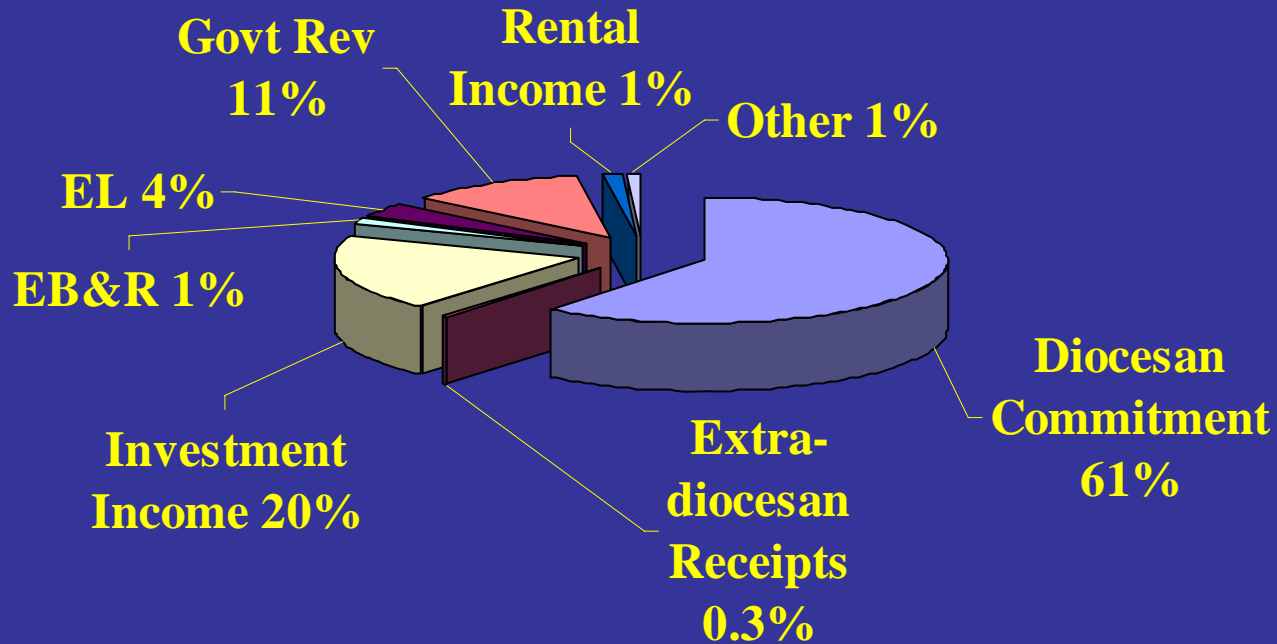
Proposed 2007 – 2009 Budget: Revenue



Proposed Budget 2007 - 2009: Funding Assumptions

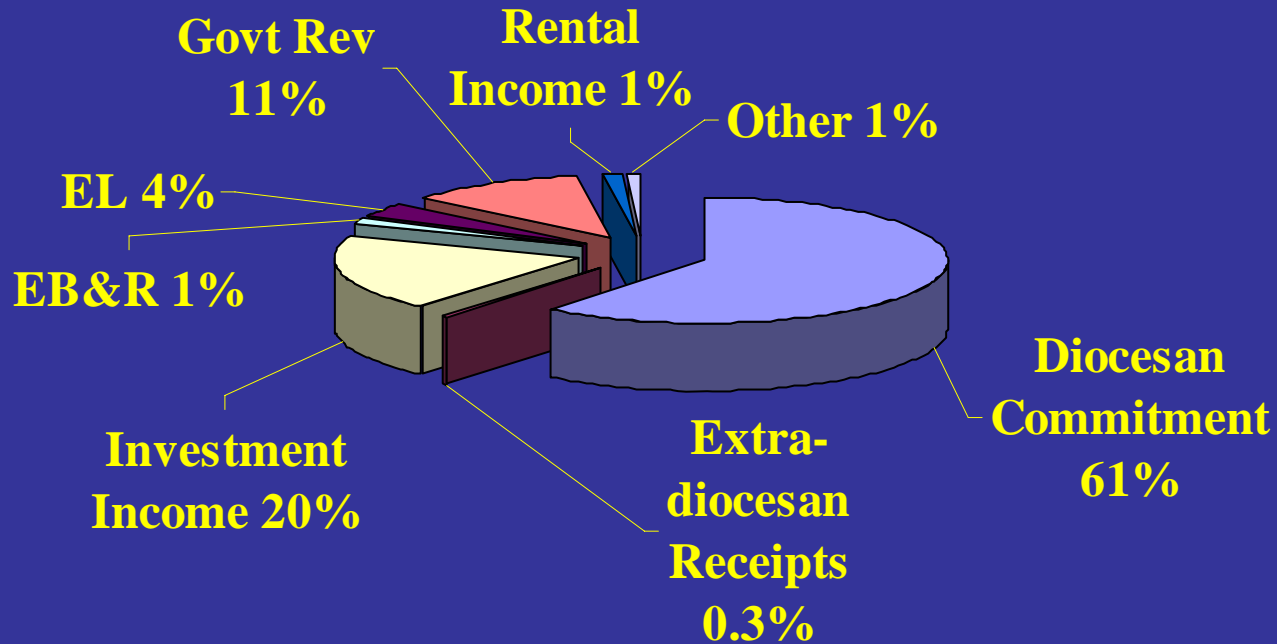
- **Total revenue up nearly \$10 million or 7% compared to current triennium**
- **Diocesan Commitments**
 - Represent 70% of non-governmental revenue
 - Asking 21% of diocesan operating income
 - In 2006
 - 45 of 100 domestic U.S. dioceses have pledged 21% or more
 - 25 dioceses pledged between 10% and 20%
 - **If all dioceses pledged at 21% there would be \$7 million annually of additional funds for mission**
 - Assumed increases of 2.5%, 3.0% and 3.0% in 2007, 2008 and 2009

Proposed 2007 – 2009 Budget: Revenue



Extra-diocesan contributions received directly from individuals and parishes have been important, averaging \$225,000 in 2004 and 2005

Proposed 2007 – 2009 Budget: Revenue



Endowment income represents 20% to 25% of annual revenue

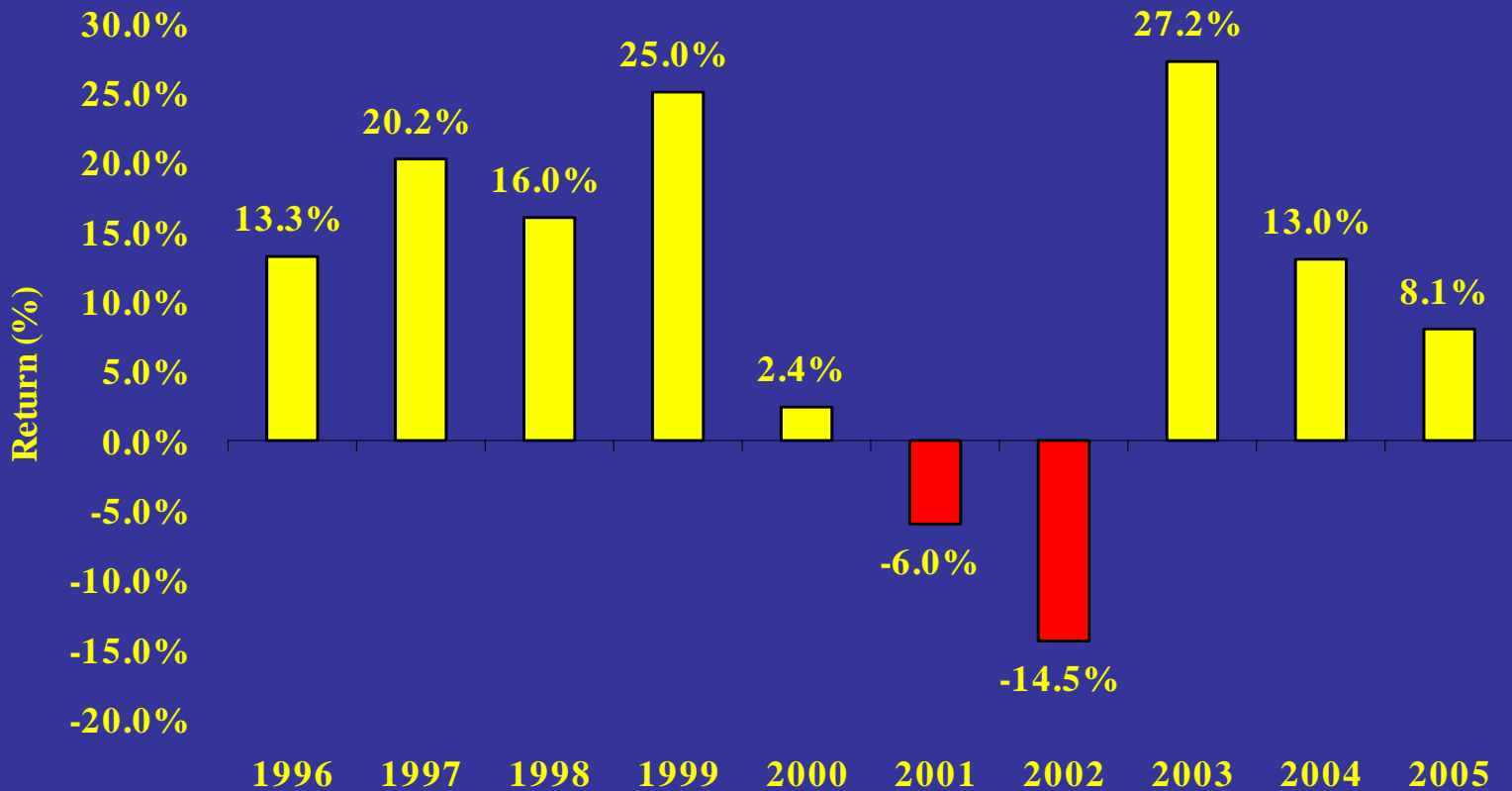
Proposed Budget 2007 - 2009: Funding Assumptions

Endowment income

- Represents between 20% and 25% of annual revenue
- Return to an annual 5% draw on endowment which is more sustainable than the 5.5% rate during 2004 – 2006
- Assets available for budgetary purposes totaled \$174 million at year-end 2005

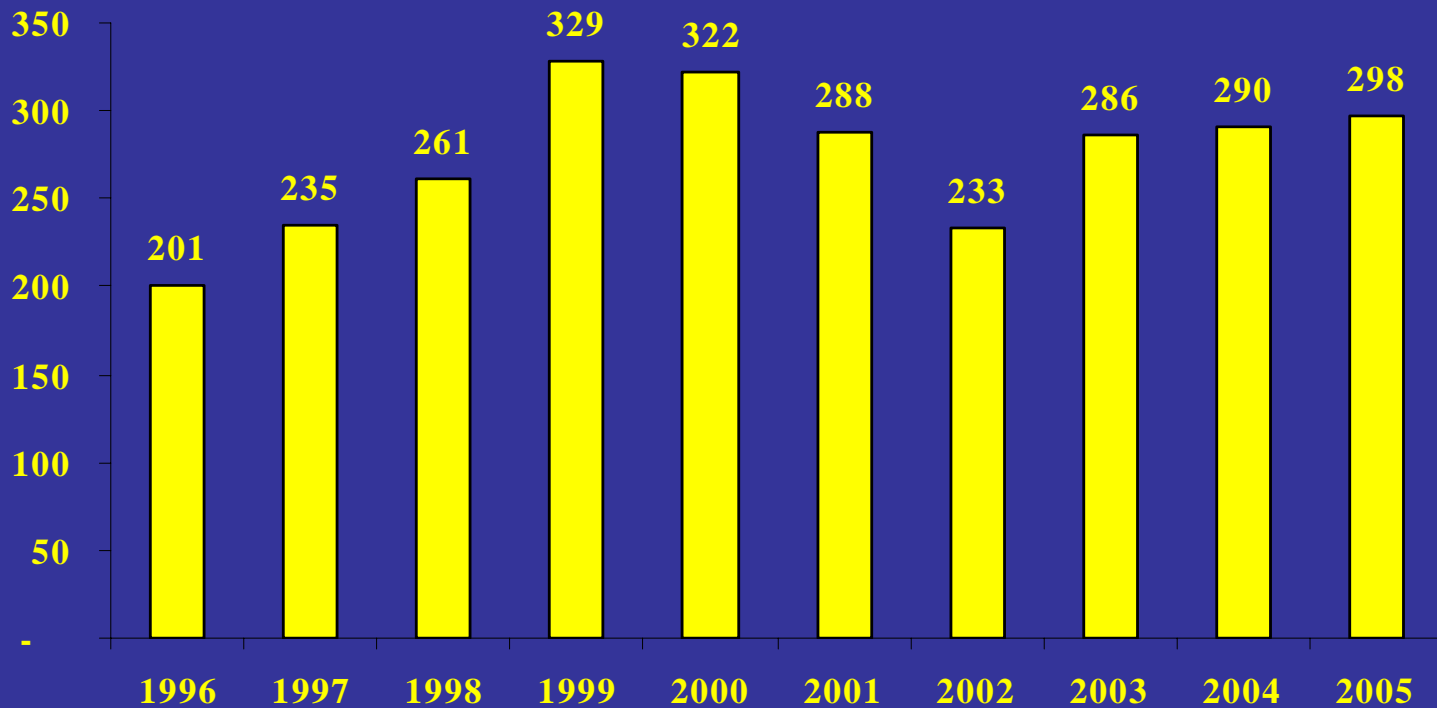
Endowment Performance

Endowment 10 -- Year Market Performance

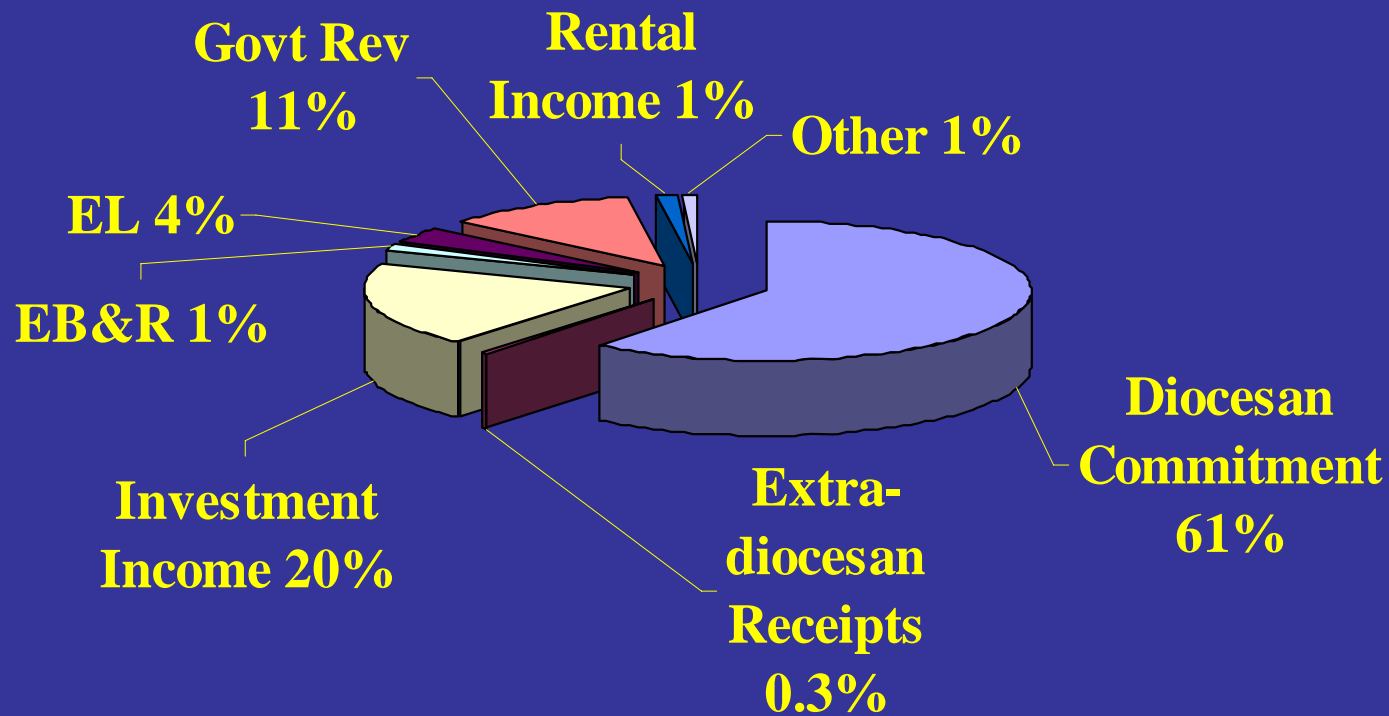


Endowment Progress

**Total Endowment Portfolio Values
1996-2005
\$ Millions**



Proposed 2007 – 2009 Budget: Revenue



Proposed Budget 2007 - 2009: Funding Assumptions

- **Episcopal Books & Resources consolidation should result in revenue improvement and cost reduction**
- **Episcopal Life revenues are a function of advertising and subscriptions; revenues and associated costs will rise accordingly**
- **Government revenues and expenses are essentially unchanged, reflecting the uncertainty of refugee arrivals**
- **Rental income from leased space at the Episcopal Church Center could produce \$2.2M in net rental income after taxes**

Proposed Budget 2007 – 2009: Summary

The triennial budget:

- **Is balanced financially**
 - Spending and revenue, both at \$151.9 million, up 8% versus 2004-2006
 - Revenue will be subject to diocesan commitments and investment market performance
- **Reflects the Church's mission**
- **Includes input from staff and volunteers**
- **Commits our resources responsibly**
- **Does not include the cost of relocating the Archives**

Proposed Budget 2007 – 2009: Next Steps

Program, Budget & Finance Committee at GC 2006 will:

- Hold open hearings and listen
- **Discuss and decide after open hearings**
- Present recommended budget for consideration at joint session of bishops and deputies

The General Convention Budget

2007 – 2009