

2015 Budget Planning – Overview

October, 2014



EPISCOPAL CHURCH IN CONNECTICUT
PARTICIPATING IN GOD'S MISSION

Summary

The 2015 operating budget for the Episcopal Church in Connecticut is balanced, with \$5.1MM in revenues and expenses.

A major change in the 2015 Budget is the basis for the Parish Support income line

- Assumes adoption of "Common Mission Support" Resolution (contribution of 10% of operating revenues to support our common work and participation in God's mission from all parishes)
- A 7% reserve for non-payment is reflected in the budget for this line item.

Potential shortfalls in Parish Support income have been offset by several changes in financial management

- Better deployment of investible assets, with investment income used more aggressively to support operations
- Reduction in selected "Sinking Fund" expenses from prior year's budgets

Program expenses reflect both change and continuity in support of the five baptismal "Marks of Mission"

- Worship & Prayer
- Repentance & Forgiveness
- Evangelism
- Service
- Justice & Peace

Budget Comparison, 2014 - 15

Operating Budget for the Episcopal Church In Connecticut

(\$000s)

	<u>2014</u>	<u>2015</u>
Revenues		
Parish Support	\$ 4,350	\$ 4,380
Episcopate Trustee Support	280	300
Investment Income	94	305
Management Fee Income	98	159
Total Revenues	\$ 4,822	\$ 5,144
Expenses		
Staff Salaries and Benefits	\$ 2,260	\$ 2,263
Program Support	2,136	2,227
Facility and Office Operations	441	388
Contingency	-	265
Total Expenses	\$ 4,837	\$ 5,143
Net Operating Surplus/(Deficit)	\$ (15)	\$ 1

Parish Support Revenue

The Bishop's Resolution to establish a common level of support (10% of trailing year revenues) would theoretically result in \$4.71MM in revenues

- Parishes > 10% => \$371K decline
- Parishes < 10% => \$344K increase

However, many parishes currently contributing less than 10% are facing financial hardships. By increasing support to 10%:

- 40% of the increase would come from parishes where expenses > 120% of revenues
- 33% would come from parishes where expenses exceed revenues by up to 19%

We forecast that we will receive only 40% of the theoretical increase in support from parishes currently contributing < 10% of revenues.

In addition, we are reserving an additional 3% for uncollectables.

We have budgeted \$4.38MM for Parish Support in 2015.

Other Revenue

To offset declining revenue from parish support, we are planning to generate almost \$300K from unrestricted endowment assets

- We have transferred \$12MM from TD Bank to US Trust.
- The remaining \$3MM in the bank should be sufficient for operating liquidity and seasonality in 2015
- A 4.5% draw on the Beebe Fund, the Unrestricted Fund and the Emergency Reserves will yield \$297K in revenues

\$300K from Episcopate Trustees will remain the largest source of non-parish support.

Income to support administration of D&B, the Archives and Insurance programs collectively will generate \$160K in revenues

Total revenues should be \$5.1MM

Employee Compensation expenses

Staff salaries have been adjusted to reflect a 1.5% increase in the Consumer Price Index over the past 12 months. 1% additional adjustments were made for certain admin staff employees affected by the 5% reduction from 2010.

In addition, the salaries of certain employees have been increased or held flat to move towards a reasonable banding of compensation for employees performing comparable work.

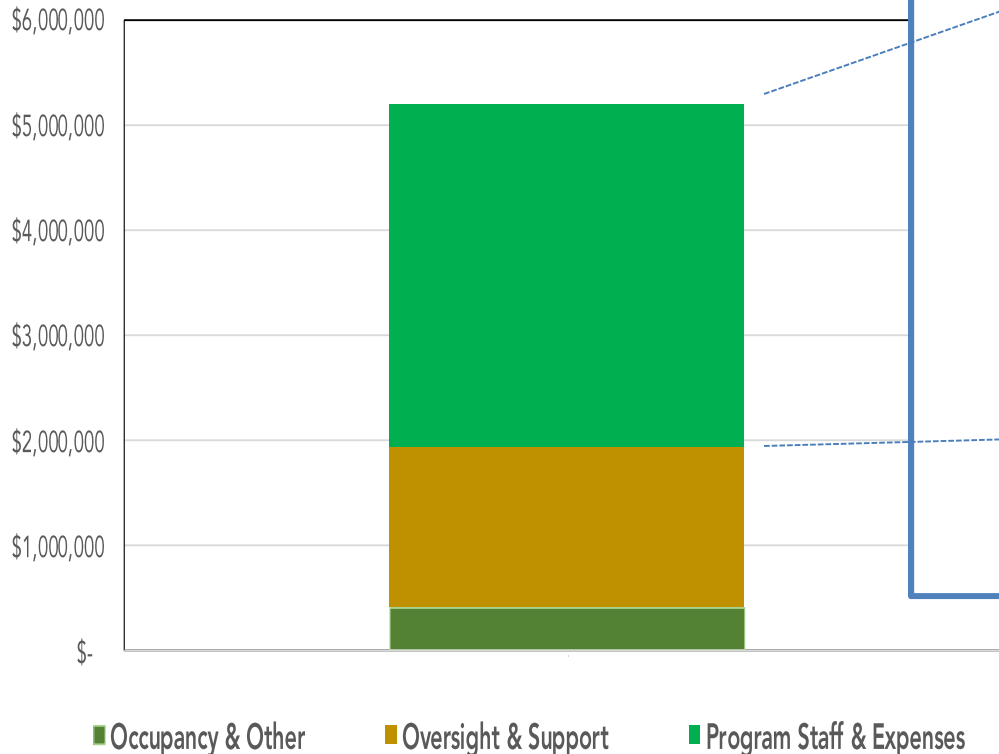
Changes in FICA and pension expenses track changes in salaries formulaically.

Clergy housing and other allowances are flat from 2014 (one increase was offset by a dollar-for-dollar salary reduction at the request of the employee).

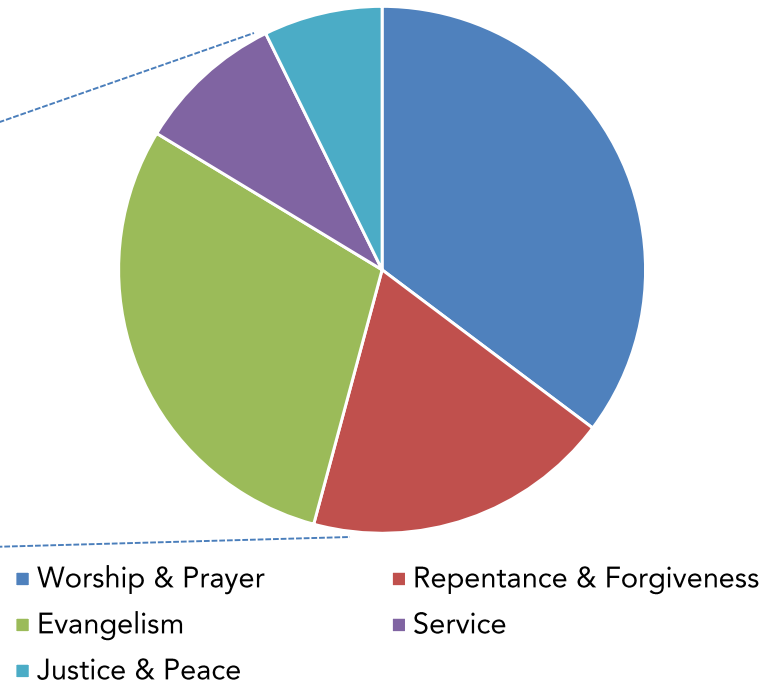
At \$2.26MM, employee compensation makes up just under 45% of total budgeted expenses for 2015

Program expenses (including dedicated staff support) exceed \$3MM for 2015

ECCT 2015 Operating Expenses



2015 Program Spending



Program Support for the Five Baptismal Marks of Mission

Worship & Prayer	Teaching, baptizing and nurturing new believers	Mission Leadership/Transition support, Clergy Development, Special Missions
Repentance & Forgiveness	Resisting evil and safeguarding the integrity of creation	Mission Integrity, Safe Church, Title IV, Multiculturalism & Anti-Racism, Parish interventions, Best Practices coaching
Evangelism	Proclaiming the good news of God in Christ	Communications & Media, Mission Collaboration & Congregational Life, New Mission initiative, Camp Washington, Higher Education
Service	Responding to human needs by loving service	IRIS, Millennium Fund, Emergency Relief, Lay Retiree support
Justice & Peace	Seeking to transform unjust structures of society and challenging violence	Social Justice advocacy & outreach, Women's Global Mission, Combatting Gender Violence, Prison Ministry