

**Episcopal Diocese of Maryland
2019 Budget**

Line Item Explanations:

INCOME:.....\$4,838,087

Total income is derived from both restricted and unrestricted sources. The following explanations detail anticipated revenue sources for the 2019 budget year. Funds from restricted sources are noted.

1. Shared Ministry Allocations Receipts.....\$3,626,100

Shared Ministry Allocations are our main source of revenue in the 2019 operating budget. This funding source represents 75% of all revenue and 85% of unrestricted income.

The Share Ministry Allocation formula is derived from resolutions presented to and approved by the annual Diocesan Convention. It is based on the calculation originally devised in 1985 with a change approved at the 2007 Diocesan Convention. The latest change increased the categories allowed in the deduction to include Diocesan Allocations paid by year end and budgeted outreach.

Shared Ministry Allocations equate to the **lesser** of the results of the following two equations:

18% of the three year average Normal Operating Income (years 2015, 2016, and 2017) 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 (2017) less 4% of the 2017's normal operating expenses (including Diocesan allocation and Outreach) and less \$2,860.

The calculations result in a graduated allocation reflecting 1% to 13% of Congregations' 2017 Normal Operating Income with an average of 12%.

2. Endowment Withdrawal.....\$502,851

The endowment withdrawal is a percentage of the projected income from the investments. The percentage used in the 2019 budget is 4.5% of the three year average ending balance of specific funds used to support operating activities. However, this amount is less 2% of the total Diocesan owned investment balance at December 31, 2017.

3. Development Income.....\$100,000

The major support of this line of income is funds received through the Bishop's Appeal. The amount in the 2019 budget was received in 2018.

4. Designated Funds – Property Sales.....\$0

This line is reserved for when money from previous property sales is used for the operating budget. None such funds will be in the 2019 budget.

5. Communication Revenue.....\$1,500

The source of revenue was derived from advertising revenue from Maryland Episcopalian and the Website items. Plans are to reinvent a Diocesan publication in 2019.

6. Restricted Income:\$552,636 (Restricted Funds)

This category contains 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 assist clergy, support congregational development, and aid new initiatives. Like the endowment withdrawal line, the amount on this budget line represents 4.5% of restricted investment sub-funds used for these purposes.

7. Other Income.....\$55,000

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

EXPENDITURES:.....\$4,838,087

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

Ministry in the World.....\$717,179

1. Bragg Scholarship.....\$11,154 (Restricted Funds)

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

2. Children's Camps.....\$12,000

The Diocese supports childrens' summer camps including Reading camps and Camp Amazing Grace held at the Claggett Center

3. Community Services.....\$60,000

Community Services include several programs including the Episcopal Service Corp, Homework Club, Port Chaplaincy, Public Policy Office, Episcopal Resettlement Center, the Truth and Reconciliation Commission, Environmental Ministry, Safe Church training, and Diocesan membership. Many of these programs are funded through the Annual Appeal. These programs would not exist without adequate funding from this fund raising source.

- The Episcopal Service Corp aligns youth service workers with community service projects.
- The Homework Club at Guardian Angel serves underprivileged middle and high school students in the Remington area in improving their academic achievements.
- Baltimore Seafarers Center 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.

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- The Public Policy Office attends sessions of the Maryland General Assembly and keeps the Bishops/Council informed of pending legislative action pertinent to the church, particularly regarding issues of peace and justice.
- The Episcopal Resettlement Center is a program of the Cathedral that provides workshops, legal aid and loans for immigrants and refugees.
- Other Programs such as the Truth and Reconciliation Commission, Environmental Ministry, Safe Church training, and Diocesan membership include materials, speakers and dues for the following public interest groups: Interfaith Action for Racial Justice, Ecumenical Advocacy Council, Maryland Interfaith Legislative Council, Global Episcopal Ministries, Call to Renewal, Diocesan Jubilee Ministries, Central Ecumenical Council, and Episcopal Network for Economic Justice.

4. Connections to the wider church.....\$516,022

This category represent the diocesan wide allocation paid to the Episcopal Church at 15% of Diocesan 2017 operating income along with Province III dues and the cost to attend Province III events.

5. Episcopal Relief and Development.....\$100

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

6. Global Mission Links.....\$5,000

This line represents anticipated costs for visitations and communications with our supported international Anglican relationships. In 2019, the hope is to expand on a companion relationship with the Bishop in Kenya and the Diocese of Puerto Rico.

7. Hopkins Hospital Chaplaincy.....\$87,518

This line represents the costs of having an Episcopal chaplain at Johns Hopkins Hospital. This line is covered partly by restricted income for 2018, much of which was raised by the support committee themselves, in addition to the efforts of the Annual Appeal.

8. Sutton Scholarship Fund Raising.....\$0

Although still a Diocesan program, Sutton Scholars has been moved to its own fund and budget and is funded 100% from separate fund raising activities. .

9. Reparations Conversations.....\$0

This line zeroed until a future date.

10. Sustainable Development Goals Grants.....\$25,383

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 2015.

Ministry to Congregations and Institutions.....\$997,987

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20. Archives.....\$13,343 (restricted income)

This line items represents cost expected for continued support of the Diocesan archives. No staff cost is included on this line.

21. Bishop’s Grants (S&D, Allison, Arrowsmith, Whitridge).....\$172,875 (Restricted)

This line represents the Bishop’s discretionary restricted endowment funds. Funds set aside from the S&D and Allison are restricted to aid to clergy and their families in financial need.

22. Conference Assistance.....\$500

This line represents the cost to assist congregations to send a team to various conferences and training course that will assist the congregation with their ministry.

23. Cultural Outreach.....\$296,000

This category represents money spent to building the Latino and Korean ministries within the Diocese of Maryland. Currently, this budget line supports our Latino Missioner’s efforts to expand our ministry as well as St. John’s Ellicott City’s expanding Korean ministry.

24. New Congregations.....\$215,000

This line represents the cost of starting three new worshipping communities: Church on the Square, and the Slate Project. \$10,000 from the Ilhoff fund will support a new service at the Church on the Square.

25. Development and Care of Congregations.....\$45,291

The Ihloff Fund Grants (\$30,000), Ihloff Fund annual withdrawal for use at the Bishop’s discretion (15,291), is represented on this budget line. These funds are used to help individual congregations with their ministry as well as help rural areas with shared ministry.

26. Diocesan Grants.....\$55,929 (Restricted)

This line represents restricted funds used for funding new initiatives in parish ministries. Formerly known as the endowment grants, the program is now called Grants for Ministry.

27. Evangelism.....\$0

Money previous in this line has been moved to congregational development.

28. Financial Assistance for Congregations.....\$125,000

The Financial Assistance for Congregations in Need is derived directly from Shared Ministry Allocation Receipts. Congregations requiring financial assistance for their operating budget may now apply for diocesan support. Churches receiving financial support will receive monthly payments equal to 1/12 of the total amount granted to fund their operations.

29. Sabbatical Support for Congregations.....\$5,000

This line represents diocesan support to congregations for supply priest when rectors and vicars are out on sabbatical.

30. Garrett County Missioner – Helen Stewart Fund.....\$2,049 (restricted funds)

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

31. Worship Team.....\$7,000

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.

32. Post Ordained Support.....\$ 0

This program is no longer offered in 2109

33. Stewardship and Planned Giving.....\$0

This budgeted line item has been included in the Fund Raising budget line.

34. Urban Missions.....\$60,000

This budget line reflects funding to support certain urban projects such as West Baltimore ministry, and Guardian Angel. 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. While active and vital ministries, these congregations are unable to support their ministries due to financial constraints within the communities they serve.

Ministry for Christian Formation.....\$141,260

41. Christian Formation\$5,000

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, and program management.

42. College Ministry.....\$30,000

This budget line contains compensation and business expenses for the Lay Chaplain at Towson State University, UMBC, and Morgan.

43. Continuing Education Grants (Temp Restricted Funds).....\$10,576

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.

44. Deacon Training.....\$14,160

Costs related to training vocational deacons are on this line and represents scholarship funds for the program.

45. Discerning Ordained Vocation.....\$0

The funding for this program is tuition based.

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

A membership fee for all the congregations in the Diocese to participate in this educational program includes a 4-year Scripture and Church History study combined with ministry examination and affirmation.

47. Exploring Baptismal Ministry.....\$0

Although, discerning ordained vocation is an important diocesan program, the line in the budget is zero. This is because the program is funded by participants' tuition payments and therefore is considered to have zero effect on the budget. EBM is 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. The major expense of the Program is for the trainers, the director's compensation, retreats at Claggett and the psychiatric exams. This program is designed to be self-supporting and all funds are expected to come from the students enrolled in the program.

48. New Clergy Training.....\$7,500

The money paid to the Fresh Start program's facilitators is projected in this budget line.

49. Ordained Ministry Commission on Ministry.....\$5,400

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.

50. Theological Education.....\$21,042

Listed 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.

51. Youth Camp Scholarship.....\$4,522 (Restricted)

Funds for this budget line are derived from our endowment for youth programs and supports the summer camps at the Bishop Claggett Center.

52. Youth Ministry.....\$40,560

This category contains cost of 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. This item does not contain compensation.

Ministry of Communications.....\$80,000

60. Media Costs.....\$50,000

All cost to maintain the Diocesan website is listed in this category. Also, included are the costs of diocesan e-mail, computer service, and internet support at the Diocesan Center. The cost of producing and distributing the Maryland Church News multiple times annually is also included in this category.

61. Website and Technology Management.....\$30,000

The cost to manage the website, the internet access, wireless connection at the Cathedral of Incarnation, and purchase required technology is represented by this budget line.

Ministry of the Bishop's Office.....\$1,948,836

70. F.O.C.U.S.....\$19,000

This budget line represents funding for a chaplain for clergy spouses and other clergy family activities.

71. Office of Bishop/Strategic Vision.....\$2,000

This budget line is use for unexpected events that occur throughout the year.

72. Scholarship for Clergy Children (Restricted Funds).....\$23,241 (Restricted)

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

74. Senior Staff Compensation.....\$663,181

This budget line contains the salary, housing, insurance, and pension for the Bishop, Assistant Bishop, Canon to the Ordinary, and Chief Financial Officer. This budget line assumes a September 1, 2019 start of the new Assistant Bishop.

75. Program Staff Compensation.....\$478,710

This budget line contains the salary, housing, insurance, and pension for the Diocesan Canons.

76. Operations Staff Compensation.....\$726,945

This budget line contains the salary, insurance, and pension for the operations staff that include development, administration, facility management, and financial support. The 2019 budget will realize as reduction in staff.

77. Professional Development.....\$30,000

This line represents the amount of funds available for clergy and staff professional development and continuing education.

78 – 79. Other Personnel Expenses and Workers Insurance\$19,000

Expenses such as payroll fees for both the Diocese and the Bishop Claggett Center, flexible spending account fees, and temporary services are noted on these budget lines. Worker's Compensation Insurance and Unemployment is also included in these lines.

Ministry of Operations.....\$852,827

90 – 94. Business Expenses.....\$593,199

Business expenses include the costs of the annual audit, banking, mileage, furniture, computers, telephone, internet, supplies, and postage. The costs of operating the Diocesan center is also included. While supplemented by the Cathedral's shared expense reimbursement, the Center's expenses are anticipated to be \$250,000 in 2019.

95. Legal Honorarium and Legal Expenses.....\$17,000

This budget line includes legal expenses that are either anticipated or estimated.

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96 – 99. Other Operating Activity.....\$7,000

These budget lines include the cost for Diocesan Convention, Diocesan Council and Standing Committee, subscriptions, and Director’s and Officer’s Insurance. The cost for convention covers the registration of the Bishop and other staff members. The Council’s and Standing Committee’s retreat are supported within this budget line.

100. Diocesan Property Care.....\$288,628

The Diocese owns several properties as well seven mission churches. These costs include standard building operations as well as major repairs. Also included is property tax and insurance.

101. Fund Raising Expense.....\$47,000

The cost of the Bishop’s Appeal mailings as well as other fund raising events are recorded on this line. In addition to usual fund raising expense, this line contain additional funding to contract with a grant writer to raise funds for programs in the Diocesan budget. Stewardship and planned giving has also been included in this budget line for 2019.

Please feel free to contact Karen Stewart at kstewart@episcopalmaryland.org if you have any questions concerning the 2018 operating budget.