

## TREASURER'S COMMENTS A MISSION DRIVEN BUDGET – THE 2004-2006 PROPOSED BUDGET



The planning for this budget began in earnest in May 2002 and has involved, in addition to Episcopal Church Center management and mission staff, the Administration and Finance Committee (A&F) of the Executive Council and the full Council. While that may seem a long while ago as you read this letter in the spring of 2003, we wanted to ensure that a careful process was employed to capture the missional energies abounding in our Church. The Joint Standing Committee on Program, Budget and Finance (PB&F) requested that the Executive Council establish budget priorities to assist them in creating the 2004-2006 draft Budget for the Episcopal Church. In responding, we carefully considered the results of the church-wide survey

taken in 2001, the reports of the 20/20 Task Force, and the concerns of Executive Council in establishing the areas of energy in the life of the Church for the next triennium. The resultant mission priorities were adopted by Executive Council at its June 2002 meeting and are presented in rank order on page eight.

These priorities formed the basis of our questions for the Episcopal Church Center Leadership Retreat in June 2002. We asked ourselves:

- Given that we cannot do everything, what are we being called to do now?
- What work can only be done by and through the Episcopal Church Center?
- What work can be done elsewhere or in some other way? In other words, how can we build capacity within dioceses, parishes, ecumenical communities and/or agencies without significant funding from the national church budget?
- What work are we trying to do departmentally which could more appropriately be done collaboratively with others on our staff? and/or others elsewhere?

Following the June meeting, each program head was requested to submit proposed new and expanded initiatives for the next triennium that would respond to these priorities. All of this work was done before we even looked at the numbers.

In August 2002 we began the work on the actual budget submissions. The goal was to incorporate as many new initiatives as practicable while recognizing that we could not possibly do all of them as we were operating in a difficult economic environment. We also realized that reaching a balanced budget would require significant cuts from every area of the budget. Therefore, very difficult deliberations occurred with painful recommendations resulting, but necessary none the less. As a result of all these discussions and hard work by many, we finally came to a conclusion on all of the cumulative adjustments, yielding a balanced budget.

The proposed budget was carefully reviewed by the Administration and Finance Committee of Executive Council in September 2002 and by Council in October 2002. Subsequently, A&F had several follow-up meetings, adjustments were made, and the draft budget was adopted by Council in January 2003.

The expanded initiatives warrant particular comment. We have challenged the program to be responsive to the missional energies in the Church and the priorities established by Council.

**MESSAGE FROM THE TREASURER**

Congregational development has been significantly strengthened in the areas of new church planting, research, and assistance to parishes with regard to engaging emerging generations. The ethnic ministries are being redefined to include an emphasis on congregational development. A critical piece of our program is communication, and this responsibility also will see significant growth and enhancement as we adapt to leading the Church in the electronic media era. Other expanded initiatives occur particularly in including youth more fully in the life of the Church and support of the Fresh Start program which helps strengthen congregations and clergy leadership.

Finding money for new mission in an uncertain economy has its challenges. We have reflected cost reductions in virtually every department: in personnel, in specific cost reductions and containments, in improving the efficiency of our operations, and in broad cost reductions where a percentage approach is appropriate.

The cause of these constraints is the precipitous decline in the stock market which affects the budget in two ways. Approximately 24 percent of our non-governmental revenue comes from a draw from DFMS trust funds. For this budget cycle the draw has been raised reluctantly to 5.5 percent from the historical 5 percent to compensate in part for the decreased market value of our investments. The Investment Committee has cautioned as to the need to reevaluate this annually so the draw can return to 5 percent as soon as possible.

Diocesan Commitments constitute almost 70 percent of our non-governmental revenue and therefore are the primary support of the budget. While we have experienced growth over the past eight years, we also have budgeted decreased growth for the next triennium recognizing the effect of the economic climate. Also, while we are grateful for the 65 percent of the dioceses that have supported our work at or above the General Convention asking of 21 percent of diocesan income, we still have over 35 percent of dioceses who do not contribute at that level. While we are heartened by the growth in the total giving over the current triennium, we recognize the sensitivity of this projection as we move forward. Economic realities remind us at this time to be more conscious than ever of our stewardship.

<b>Diocesan Askings (millions)</b>	<b>Budget</b>	<b>Actual</b>	<b>% of Budget</b>
1998-2000	\$78.7	\$78.6	72.3
2001-2003	85.8	87.0	68.4
2004-2006	90.5		69.2

Where does this position us? The efforts of management, committees and the Executive Council have achieved a budget that reflects responsible stewardship. Our desires to do more are constrained by the times in which we plan and make these decisions. We believe the budget commits our resources in a responsible way to focus the energies and ministry of the Church as we respond to the call to engage God's mission.

Faithfully,



Ralph L. O'Hara  
Treasurer