

# The Episcopal Diocese of Kentucky

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## Narrative Budget for 2014

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## Introduction

We, the people of the thirty-six congregations that comprise the 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, are the Episcopal Diocese of Kentucky.

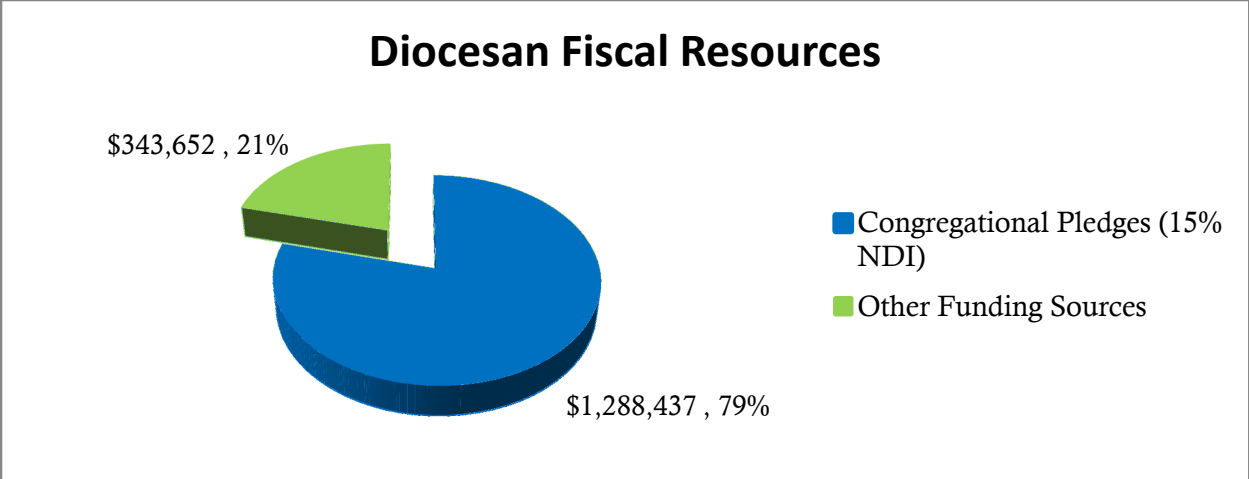
We are both rural and urban, town and city, a beacon for God's Gospel of grace. While we may differ on some issues, we are committed to Christ's work in the world through the ministry and mission to all who live in this piece of geography. Ours is not merely an internal ministry, but rather one that is fed by our sense of community and our common worship to take the Good News of Christ's redemptive message to ALL people inside and outside the doors of our buildings.

In the words of our Mission and Evangelism Working Group, "...our Diocese is called to carry out God's mission in the world and spread the Good News of Jesus Christ."

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 111 years, and God willing, we will stand together into eternity.

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

This is not a maintenance budget, nor a status quo budget, nor a survival budget. Your elected representatives on Trustees and Council of the Diocese of Kentucky believe it is a **missional** budget. 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.



**Income**

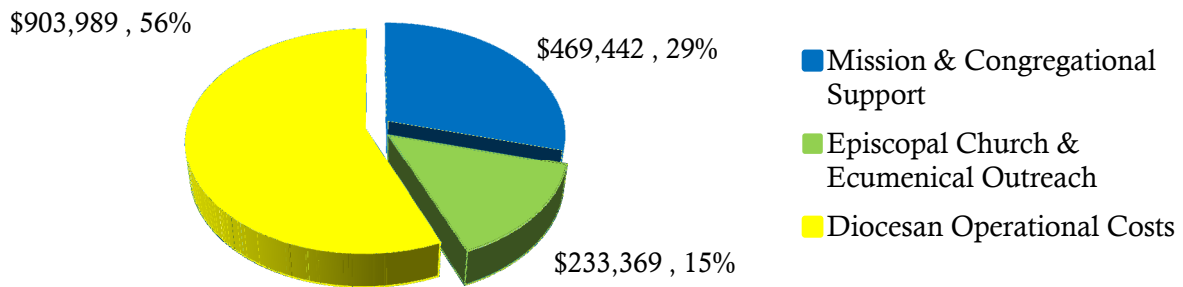
Our income sources, as illustrated by the pie graph, are from two major sources: each congregation’s contribution to the wider work of the church across the diocesan geography and prudent income from diocesan-managed investments and the Bishop Dudley Trust Fund for the support of the Episcopate. The Brennan Trust also provides funding for continuing education for all diocesan clergy staff and college chaplains, a portion of the salary and housing for the Canon for Congregational Vitality, and the Diocesan School for Ministry.

The good news here is that, if EVERY congregation would adhere to the canonical request for a minimum of 15% of their non-disposable income (unrestricted plate and pledges); with 5% income from our diocesan investments and Dudley Trust, we can report a balanced budget, fully funding every request from all ministries and programs. This is a first in several years.

Also, we are not using one-time income to fund reoccurring operating expenses in this budget. It is the strong conviction of your Bishop, Trustees and Council, and Budget Committee that we work very hard to not use 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 as far toward that 15% goal as possible, 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.

## Diocesan Mission and Ministry Disbursements



### Disbursements

Our disbursements are grouped in three broad categories:

- Diocesan Departments (four departments providing diocesan mission, outreach and program support)
- Episcopal Church and Ecumenical Outreach, for the support of our wider church connections
- Diocesan Operational Costs, to provide human and other resources for the leadership, enhancement, and support of ministry and mission across our geography.

#### A. Diocesan Departments:

1. Evangelism and Congregational Development 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.
2. Christian Formation funding 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); Cursillo; Leadership Training and Christian Formation workshops. Also included are the costs for 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.

Increases mirror the actual expenses for 2013 that exceeded budgeted amounts, as well as increased usage fees at All Saints, as well as a small cost-of-living increase for college chaplains.

3. Jubilee and Justice funding is the same as the previous year. This provides small grants and assistance for our diocesan Jubilee Centers; three of these, St. George's Community Center, Aaron MacNeil House, and KY Refugee Ministries receive assistance through the Mission Funding program.
4. Finance and Stewardship expenses primarily fund the required external audit of the diocesan books and all accounts and funds. This amount has decreased and remained constant over the last three years.

## **B. Episcopal Church & Ecumenical Outreach**

### **(Wider Church Connections):**

Episcopal Church USA program is the largest amount here. A majority of General Convention deputies voted to ask for a 19% contribution of each diocesan budget. We have used this amount in our asking budget. Likewise, the second largest amount is for the Millennial Development Goals asking to reduce world poverty, .7% of our total budget. 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 2015 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.

Each of these line items, regardless of amount, enables us to be an active partner in the wider church, with seat, voice, and vote as applicable.

## **C. Diocesan Operational Costs:**

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 agency. Note that there are no clerical positions. Each staff member is his/her own secretary. We need 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 includes the Bishop's package, packages for the Canon to the Ordinary, Canon for Congregational Vitality, Communications Director, Youth Coordinator, Controller, and Financial Assistant. It is important to note that the Canon for Congregational Vitality and the Financial Assistant are resource positions for local congregations and will provide on-the-ground assistance and consultation. **The resources provided through these positions were requested by the people of our diocese.** They are, then, a response to needs and hopes expressed by us across the diocese. 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 increases dictated by the Medical Trust for health and life insurance premiums.

2. Other diocesan staff costs include workers compensation insurance premiums and a modest 1.6% cost-of-living increase, about that projected by the Federal government. There is no merit increase for the Bishop, as that is canonically required every other year.
3. Diocesan Office Costs include lease payments for office space and parking to the Cathedral, utilities, 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 being renegotiated for a new period; utility costs are projected to increase via LG&E/KU, which accounts for the increase in this total. However, we believe the costs for technology and internet services may decrease through negotiations now in progress with the responsible staff persons.
4. Communications includes line items for website, training in new technology, marketing design, and equipment. The total is slightly less than in the previous year, again due to careful scrutiny of these expenses by the responsible staff members.
5. Other diocesan costs 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 and historiographer. Again, there is a slight increase in the total of these items.

### **Total Costs Summary**

The total costs for our 2014 operational budget shows, at this point, a 11.4% increase of \$ 164,860. This increase reflects addition of two requested staff positions to provide direct and indirect resources to congregations, insurance and utility increases over which we have little or no control, and slight increases for cost of living adjustments, increases in fees for facilities at All Saints, and other cost-adjusted items.

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. Also, this is a budget that is realistically fundable, if every congregation will embrace the vision that we will all reap the dividends of doing so. Congregations will have resources to promote revitalization, revisioning, and embracing the mission opportunities at their doorsteps. Vestries and bishop's committee will be able 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.

*“Behold, I show you a new thing, for the former things have passed away.”*

This is a snapshot of the new initiatives, the new sense of a cooperative vision across our geography. There may be changes in the numbers, but we pray that there will be no changes to the desire to “renew a right spirit within us.”

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.

For Trustees and Council of the Diocese of Kentucky  
Budget Committee

The Rev. Karl Lusk, Chair  
The Rev. Mark Feather  
Bill Allbritten  
Susan Sauls  
Charlie Hawkins  
Austin Waggoner  
David Brooks  
Angela Koshewa  
Lew Spears