EPISCOPAL DIOCESE OF KENTUCKY
Narrative Budget for 2023

The Feast of Philip, Deacon and Evangelist, 2022

Introduction

The 2023 diocesan Budget is a resource for the people of the Episcopal Diocese of Kentucky, 34 worshiping 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.

The Episcopal Church is organized by our constitution and canons as a connected denomination of dioceses, with each diocese as the beacon for God's Gospel of grace, through the work of individual points of mission delivery we call parishes, missions, and ecclesial communities. Although we may differ on some issues, we are committed to Christ's work in our world through the shared ministry and mission to all who live in this segment of geography. Ours is not an internal ministry but is one fortified by our sense of community and our common worship to take the Good News of Christ's redemptive message and healing ministry to all people inside and outside the doors of our buildings. Our vision statement is clear: "…our Diocese is called to carry out God's mission in the world and spread the Good News of Jesus Christ." Thus, the Diocese of Kentucky has a clear imperative to identify and provide resources for that unified mission and ministry.

We work competently to serve not only as "missionaries," but also to 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 126 years, and with God's help, we will stand together forever after, and give thanks that all our congregations and agencies are connected through the office of our chief pastor and overseer, our bishop, and an annual convention of deputies elected by each congregation.

This narrative overview of our operating budget furnishes information regarding the wealth of financial resources available, and details how those resources are used for our mission across the diocese, nation, and world.

A Message for all Clergy, Wardens, Treasurers, Vestries/Bishop's Committees, and Stewardship Chairs:

As has been the case recently, our budget includes prior year surplus funds. This is, obviously, not how any of us want to fund the mission and ministry of the Diocese of Kentucky, but it is our reality. For the past four years, Trustees and Council has provided a 75-day budget that is not balanced, to offer you a realistic view of what our budget would look like without the gifts of those who have entered the Church Triumphant, leaving behind bequests, trusts, and other financial gifts to ensure the future of Episcopal ministry in the western half of the Commonwealth. We give thanks for the faithful departed and ask you to consider how your personal wealth might benefit your congregation, the Diocese of Kentucky, and the wider Episcopal Church.

Total Income	$1,868,937.81

Our income is derived from several sources. While in the pandemic year of 2020, many congregations saw declining income, and therefore lower assessments, investments increased, which nearly fully offset the decline in congregational assessments. Major income sources for 2022 include:

Congregational assessments	$1,101,781.81
• Waivers in process for two congregations	($16,803.05)
The Bishop Dudley Trust for the support of the Episcopate	$248,400.00
Brennan Theological Fund (less Commission on Ministry)	$154,683.00
Investment income (5% draw)	$205,748.00
Excess Cash	$27,814.00
Individual and Parish Gifts	$25,000.00

Excess Cash in the 2023 Budget is actually rolled over from a 2020 surplus as a result of lower costs due to COVID and PPP loan proceeds that have gone unspent in the continuing pandemic.

Total Disbursements	$1,851,598.31

Budget expenses are group into three broad categories: Diocesan Department, Episcopal Church and Ecumenical Outreach, and Diocesan Operational Costs.

Diocesan Departments	$717,933.02

Mission and Evangelism **$97,498.00**

The Department of Mission and Evangelism (DME) is chaired by the Rev. Cn. Jason Lewis, Canon for Congregational Vitality. The DME provides mission funding grants and other resources to congregations, organization, and partnerships in the Diocese of Kentucky. Their work includes assistance for a five-year period to aided parishes requesting that designation.

The ongoing work of the DME is summarized in the report to Diocesan Convention. A decrease in this area includes an open position for the Urban Missioner as the Rev. Valerie Mayo has departed for the Seminary of the Southwest.

Christian Formation **$388,448.22**

The Christian Formation Department was chaired by the Very Rev. Katherine Doyle, one-time Rector of St. Thomas, Louisville and Diocesan Youth Minister. It provides resources of campus ministries at Murray State University, Western Kentucky University, and the University of Louisville. As mentioned above, the departure of the Rev. Valerie Mayo makes up the decline in this department.

The Christian Formation Department is also home to a revamped Anti-Racism Training initiative, the School of Ministry, EfM scholarships, youth ministry, summer camps, and All Saints Camp and Conference Center.

Finance and Stewardship **$25,600**

In order to be good stewards of the financial resources entrusted to our care, the Diocese of Kentucky engages an independent audit every year. The cost of this is reflected in the Finance and Stewardship Department.

Episcopal Church and Ecumenical Outreach $205,386.80

Each diocese in The Episcopal Church is expected to pay a 15% assessment in support of the mission of the Domestic and Foreign Missionary Society. While the Bishop, Trustees, and Council in the Diocese of Kentucky chose not to assess congregations on their PPP loan proceeds, the DFMS counted PPP loans converted to grants as income for assessment. A $40,000 grant was made available to every diocese in The Episcopal Church, and the Diocese of Kentucky availed itself of this grant in 2022.

Other line items in this area of the budget include contributions to the University of the South, of which we share governance through participation in its Board of Trustees; reserves for expenses to send deputies to future General Conventions and Provincial Synods; a reserve fund for a future Lambeth Conference, and membership in the KY Council of Churches. All these items enable us to be a full and active partner in the wider church, with seat, voice, and vote as applicable.

Assessments in support of the work of Province IV (our region of the Episcopal Church) were waived in 2020 and 2021. The Provincial leadership has been hard at work in cutting its budget to allow more money to stay in the diocese. As such, our assessment is only budgeted at $800 for the coming year.

Diocesan Operational Costs $1,133,665.29

The Bishop and his staff provide oversight, coordination, administration, communications, programming, and other resources to the work of our congregations, agencies, and partnerships, as well as the yeoman's work done by lay and ordained leaders around the diocese every day. Rather than a full breakdown of each staff member's role in the organization, as has been done in the past, the Budget Committee would like to thank the clergy team of the Rt. Rev. Terry A. White, the Rev. Cn. Amy Real Coultas, the Rev. Cn. Jason Lewis, and the Very Rev. Katherine Doyle for their dedication to the mission of the Church during this lengthy period of uncertainty. Special thanks is offered to the two-person administrative team of Brian Thomas and Katie McNew who are both a pleasure to work with, delightfully competent, and easy communicators. We wouldn't be where we are today without such a fine staff working out of South Second Street.

Due to this year's significant inflation, the Social Security Administration is projecting a 9% cost of living adjustment for 2023. It has been the policy of the Diocese of Kentucky to follow that example in planning for staff salary increases, prior to any discussion of merit-based raises. The Budget Committee and Trustees and Council discussed at length how to handle this significant

increase in staff costs. It was determined that since we have the resources and in thanksgiving for the hard work of our staff during the COVID-19 pandemic, we should follow this policy. As such a large pool of $48,091.14 is set aside for salary increases.

Future Hopes and Visions

We wrote these words in 2021, but they seem somehow more true now than they did a year ago.

Prior to the COVID-19 pandemic, the Diocese of Kentucky had begun the process of discerning our Why?. At Diocesan Convention in 2019, we heard the stories of many delegates who are proud to be Episcopalians and committed to sharing the Good News of God in Christ. While COVID has slowed that process, it has not, and cannot, stop us from fulfilling our call to witness to the grace of Christ in the world. It is our hope that as 2023 arrives and we see what could be the horizon of a world in which COVID is not such a destructive and disruptive force, that the Diocese of Kentucky will resume its search for its Why? while still living out our calling as workers of peace, justice, grace, mercy, and love to a world that desperately needs it.

Respectfully Submitted,

The Diocese of Kentucky Budget Committee
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