DIOCESE of KENTUCKY

The Right Reverend Terry Allen White, Bishop

The Episcopal Diocese of Kentucky
2025 Narrative Budget

Introduction

A budget is a moral document. It is cliché to say that at this point, but clichés come into being because they are, at their core, true. Whether it is for your household, your business, your congregation, a diocese, or the wider Church, the process of creating a budget is one of prioritization. This is true whether the money is pretty flush, or, as is often the case, things are kind of tight. Decisions about what is truly important and core to a communal identity are always at the heart of the budget process, and after five years of just keeping the lights on through COVID and its aftermath, it seems that finally, we're back in a place to make intentional decisions for health and vitality. The following narrative budget is not the end of that process, but we hope it marks the beginning of a new phase of budgeting in the Diocese of Kentucky where our common goals and shared ministry in the Gospel of Jesus Christ are the priority.

Income

You can't spend what you don't have. Apparently, this narrative budget will be built on clichés. There are three main sources of income for the Diocese of Kentucky. The first, and most important, are the assessments from our congregations. Canon 16 sets the assessment level at 13% of operating income as reported on the Annual Parochial Report. For 2025, we have every congregation at 13% or higher, with one Parish in the process of applying for a waiver. Trustees and Council will facilitate that process in the coming months. Total revenue budgeted from congregations is $1,192,100.52, which represents 61.3% of budgeted income.

The second source of income is based in the generosity of generations past. Benefactors have, since the very early days of this diocese, given toward endowment funds. Selected accounts allow for 5% to be drawn each year for operations. Two exceptions to this is the Brennan Theological Trust and the Bishop Dudley Trust, of which the diocese is a benefactor. The Commission on Ministry has first use of the Brennan Theological funds, and then what is left over can be allocated to the budget, so long as the expenses are related to the education of clergy. In past years, those funds were not always allocated well, and a significant surplus accrued. Trustees and Council, upon the recommendation of the Finance Committee has established spending policy for Brennan Theological Funds which allow of the distribution of prior years' excess funds into the budget. This year, total investment funding is $687,153.19, with $84,395.23 in prior year Brennan Theological excess funds included ($54,239 from 2023). This is 35.3% of budgeted income. The remaining 3.4% of income comes from miscellaneous sources that can be found listed in the budget.

Total Operating Income for 2025 is budgeted at $1,944.503.71

Expenses
The Diocese is not an office on 2nd Street in Louisville, but the congregations and people who live into the Episcopal branch of the Jesus Movement faith daily. That's not exactly a cliché, but you get the drift. The budgeted expenses for 2025 are focused on how the collective resources of the whole can support the ministry of us all. This plays out in many ways in our diocese. Whether it is $94,300 (4.8%) in grants to mission congregations and missional enterprises around the diocese or $141,807.54 (7.3%) to fund campus ministries at the University of Louisville, Murray State University, and Western Kentucky University, the monies collected in assessments and drawn from our endowment funds go to on the ground ministry in our congregations, agencies, and among the wider church. Total direct ministry expenses are 744,806.53 (38.3%).

Even items traditionally considered to be "overhead" like salaries, rent, and utilities should be thought of as mainly ministry items as well. We all know that the Bishop, the Canons, and even the administrative staff are engaged in ministry to us and to the wider world. Our website, the diocesan office, and even the copier all play a role in the mission and ministry of the Diocese of Kentucky. It would be impossible to carve out exactly how much is overhead and how much is ministry, but the budget committee and Trustees and Council are convinced that the resources of the diocese are being used effectively and efficiently. Total operational costs are budgeted at $1,198,900.47 (61.6%).

A few items of note in the expenses:

- Summer camp has been removed from the operational budget not because summer camp isn't going to happen (those conversation exist beyond the budget committee), but because it is better tracked in a separate set of books.
- Cost of Living adjustments, per diocesan policy, are budgeted at 2.5%, which is the SSI COLA for 2025.
- Health insurance expenses are budgeted to decrease in 2025 due to a staff member moving from a family plan to employee +1. Due to changes in plan offerings this year after General Convention tweaked the formulas for the Denominational Health Plan, actual numbers are not yet known.
- The Youth Coordinator and Financial Assistant positions remain budgeted an unfilled. It is the hope of all involved that these important positions will be staffed in 2025.

Total Operating Expenses for 2025 are budgeted at $1,943,707.00