

EPISCOPAL DIOCESE OF NORTH DAKOTA



2023 Proposed Budget with 2024 Projected Budget
Presented to Diocesan Convention
22 October 2022

NOTES & EXPLANATIONS FOR THE 2023 BUDGET

Chairs of committees appointed by Diocesan Council at the last Diocesan Convention were asked to submit 2023 and 2024 budget requests. An announcement also was placed in the *Sheaf* to solicit any budget requests. Amounts as requested were inserted into the Working Budgets. Other budget figures are a result of Diocesan policy, 2021 actual and 2022 estimated expenditures, and projected cost figures gathered from other sources. The proposed budget represents recommendations made by the Finance Committee for consideration by Diocesan Council.

We are in transition. We have added two positions and anticipate adding a third. At the recommendation of the Discernment Task Force, we continue to align our budget to reflect our mission.

Following are notes/comments to provide additional information about some of the proposed budget items:

REVENUE

Our Fair Share (001-001-40100): An Our Fair Share Task Force was appointed and continues to meet throughout 2022. The Task Force recommended, and Council approved, a plan to decrease the percentage assessed from the current 19% to 15% over the next four years. The decrease would be 1% each year, with Council reaffirming the decrease each year during the budgeting process. The proposed budget for 2023 reflects Our Fair Share at 18%. The Task Force is continuing its work by updating the current *Guidelines*.

Donations/Gifts/Annual Appeal (001-001-40300): An Annual Appeal will be announced this fall to help support several budget initiatives.

General Convention Grant (001-001-40500): The Diocese will receive \$242,900 for 2023 (an increase of 5%) and \$255,045 for 2024 (an additional increase of 5%). General Convention met this past July and will meet again in 2024. The NDCIM budget is funded by the General Convention grant. In order to continue receiving these grants, the Diocese must ensure the grant funds are spent on Native American Ministry. These expenses must be equal to or greater than the funds received.

From Designated Funds (001-001-40800): Includes \$15,000 from Sudanese Ministry reserve fund to offset St. John the Divine (Other Congregational Support); \$12,000 from School for Ministry; \$20,000 from EFMHE and \$5,000 from Tribal Campus Ministry to support the newly created Youth/Young Adult Coordinator position; \$8,450 to offset Congregational Revitalization & Renewal; \$4,000 to offset New Season of Ministry Task Force travel.

Transfer Northwest Ministry Fund (001-001-40850): This initiative strengthens congregations in White Shield, Williston, Cartwright, Minot, and Dunseith. Additional funding has been received from the Roanridge Grant (\$20,000); NDEF Congregational Revitalization & Renewal (\$25,000); Contributions from the individual congregations will also be deposited here. A total of \$20,000 from the five congregations is anticipated.

Event Income (001-001-41600): Registrations for Diocesan Convention, Clergy/Ministers Conferences, and School for Ministry programs.

Royalty Income (001-001-41800): Income from our producing wells in the Bakken. Income has been increasing over the past few years, allowing Council to designate a higher dollar amount in support of the budget.

Transfer from Trust & Endowment Fund - dividends (001-001-49800): These are the dividends generated by our investments. The dividend set by DFMS is based on a five-year rolling balance of the entire fund. The dividend for 2022 is \$1.21 per share, currently 0.9% of the DFMS fund balance. This equates to 4.0% of our aggregate funds held as of 31 December 2021.

Transfer from Trust & Endowment Fund - % of value (001-001-49850): Since 1996, we have been using a three-year moving average method to determine the amount available for draw per our Spending Policy. At the November 2015 Council meeting we discussed that a portion of the Trust and Endowment Fund is committed to Designated/Donor Restricted Funds which are listed in the Operating Fund. In recognition of this, we started showing the dollar amount committed to Designated Funds on the Balance Sheet. At the August 2016 meeting, the Diocesan Council updated the

Trust & Endowment Fund spending policy to reflect this change. While we continue to use the three-year moving average method, the way we calculate the year-end balance of Trust & Endowment Fund has changed. The formula for calculating the year-end balance available for draw is as follows:

- Year-end Trust & Endowment Fund balance minus funds committed to designated/donor restricted funds.

The year-end balances are \$2,449,146.46, \$3,259,036.20, and \$3,484,039.98 respectively for a three-year moving average of \$3,064,074.21.

The budget shows a two percent additional withdrawal (\$61,281).

EXPENSES

Diocesan Covenant Commitment (001-010-50100): Per General Convention, we are asked to pay 15% of net operating income earned two years prior to the budget year with the first \$200,000 exempt. The General Convention grant is also exempt, as are any pass-through expenses or grants awarded.

General Convention Deputies (001-010-50200): The next General Convention is scheduled for 2024. To ensure there is enough in the reserve to send four clergy and four laity we need to budget each year. (The bishop's General Convention expenses will come out of his travel expense.)

Province VI Assessment (001-010-50300): An assessment that is paid to Province VI quarterly. This year it was decreased to \$750 and will remain at that for 2023 & 2024.

Ecumenical and Interreligious Officers (001-010-50600): This line item was renamed from the ND Conference of Churches, which has disbanded. The Diocese is now part of EDEIO (Episcopal Diocesan Ecumenical and Interreligious Officers) with annual dues of \$250. Conference fees and travel are also included in the amount budgeted.

Episcopate Program Expenses: Additional expense lines have been added to accommodate Bishop Ely's ministry. A line for Temporary Housing (001-020-50310) has been added to cover the expense of his housing when he is resident in ND.

Personnel: Salaries and stipends are based on step (.25%) increase and the Cost-of-Living Adjustment (COLA). The Cost-of-Living Adjustment used for 2023 was 5%. COLA is announced in October. Council will review the COLA used for this budget at their November meeting.

Family medical/dental/vision insurance and a \$25,000 term life insurance policy are provided for clergy and laity employed by the diocese. The Episcopal Church Medical Trust has announced 2023 premiums. The increase for 2023 is 4.2% for medical and 1.9% for dental. Life insurance premiums generally remain the same. The Employee Assistance Program (EAP) is a confidential counseling service offered to employees and non-stipendiary clergy.

Stipend – Bishop (001-030-5110): As Bishop Ely is receiving his church pension, there is a cap on his earnings as he is working while retired. The Church Pension Group will announce the cap for 2023 in December. Based on the announcement, this may change.

Personnel – Missioner (001-030-53100): The Canon Missioner position has been eliminated with Fr. Hal Weidman having accepted the full-time position of rector at St. George's, Bismarck.

Personnel – Diocesan Minister (001-030-54100): This is a full-time position created in response to the findings of the DDTF. The lines that follow cover benefits and travel.

Personnel – Northwest Ministry (001-030-60100): This is another full-time position created as a ministry initiative to strengthen congregations in White Shield, Williston, Cartwright, Minot, and Dunseith. The congregations served are St. Paul's, St. Peter's, St. Michael and All Angels, All Saints, and St. Sylvan's. Funding for this position is listed above (001-001-40850 – From Northwest Ministry). The first line represents stipend for the coordinator with the subsequent lines covering benefits and travel. The final line item (001-030-60900) covers the cost of additional priests who will work with the coordinator to assure the congregations' sacramental needs are met.

Personnel – Youth/Young Adult Coordinator (001-030-66120): This is a new position funded in part by EFMHE (Episcopal Foundation for Ministry in Higher Education) and Tribal Campus Ministry.

Other Congregational Support

Move/Interview Mission Clergy (001-040-50100): Budgeted amount goes into a reserve fund to be used to help newly hired clergy move into the diocese.

St. John the Divine – Moorhead: Funded by the reserve account [current balance in reserve is \$49,187.76].

New Season of Ministry (001-40-50990): Expenses outside of current budget lines that will emerge as we implement the Mutual Ministry Matrix under the direction of the Diocesan Minister.

Communication

Website expense/maintenance (001-50-50500): Ongoing expenses for our new website.

Stewardship

Administrative Costs (001-080-50100): Membership in TENS (The Episcopal Network for Stewardship). Congregations can attend webinars as well as find a number of resources on the TENS website (tens.org).

Outreach

East African Mission (001-100-50200): Nothing requested this year; current balance in reserve is \$3,028.08.

Haiti Mission (001-100-50700): Nothing was requested for 2023.

North Dakota Council on Indian Ministries

Native American Ministry Support (001-110-50300): Support for ministry initiatives.

Office Expense

Financial / Legal Expense

Charge Card Fees (001-125-50200): Processing charges from Vanco. More people are making payments or gifts through the website.

Financial Services (001-125-5300): Consulting fees, as necessary, from our auditor.

Convention

Administrative Meetings

Other Program Expenses

Bismarck Rectory House Insurance/Repairs (001-150-50100): Annual insurance premium and \$1,500 for repairs to the rectory in Bismarck. Part of NDCIM expense.

School for Ministry (001-150-50200): Programs for clergy and laity including those who wish to be trained as worship leaders (partial offset from Reserved Fund).

Commission on Ministry (001-150-50300): Covers meetings as well as purchase of evaluation materials for School for Ministry.

Youth Ministry/Programs (001-150-50550): Programing for youth and young adults.

Camp Gabriel (001-150-50550): Unexpended funding is transferred to a Reserve Account. Part of NDCIM expense.

Reconciliation (001-150-50700): Ongoing work by the Reconciliation Committee as they expand their focus to include the entire diocese.

Congregational Revitalization & Renewal (001-150-50800): Continuing and expanding the work with Partners for Renewal and several of our congregations. The offset is designated funds held by NDEF.

Care of Creation (001-150-50900): New initiative. The committee is pursuing several ideas.

Bismarck Interest Expense (001-150-51300): Mortgage interest for the Rectory in Bismarck.

Transfer to Trust & Endowment Fund (001-150-51500): Payments of the mortgage principal for the Bismarck rectory are shown here. The dollar amount is applied against the liability held in the Trust & Endowment Fund, which increases the value of the Real Estate Fund.

Transition

Bishop Search (001-170-50000): To be transferred to the Reserve Fund to facilitate search

NSM Task Force Travel (001-170-50500): To cover expenses as New Season of Ministry Task Force members travel to meet with each of the congregations in the diocese. The offset is the New Season of Ministry Reserve Fund.

NDCIM: At the start of the budgeting process, the expectations of the bishops of the four aided diocese (ND, SD, Alaska, and Navajoland) were that the General Convention Grant would be increased by 15%. Unfortunately, the grant was only increased by 5% each year. In 2023, we have budgeted \$25,104 in addition to the General Convention Grant for Native American Ministries. This represents an additional 10.34%, which closes the gap between what was expected, and the amount actually granted by General Convention. In 2024, we have budgeted \$28,923 in addition to the General Convention Grant. This represents an additional 11.34%, once again closing the gap between what was expected and what was granted.

Financial reports through the third quarter (30 September 2022) will be posted at www.ndepiscopal.org/convention2022 no later than Saturday, 15 October, and distributed at Convention.