

# **Episcopal Diocese of Southern Virginia**

## **2020 Budget Overview**

The Program Budget and Review Committee (PB&R) prepared the 2020 budget by reviewing the solicited requests from diocesan staff and comparing the requests to current year balances and current year budgeted figures for reasonableness. The budget process began in mid-July by providing diocesan staff who have budgeted accounts under their governance a report of their mid-year account balances. By September 15<sup>th</sup>, staff submitted their budget requests for the upcoming year. A written explanation was required for any new budget requests. On October 17<sup>th</sup>, PB&R conducted its first budget review and made its proposed changes to achieve a balanced budget as required by Canon VII. Several relatively small budget adjustments were made after the October meeting based upon changes in end of year projections. These changes were reviewed and approved of by PB&R. The proposed budget presented to the executive board for approval is balanced and thoroughly reviewed by PB&R.

## **2020 Narrative of Budgeted Revenue and Expenses**

### **Revenue**

Revenue comes from four primary sources-- contributions, program support, investments, and property. The diocesan budget relies primarily on parish pledges to support its budget. The designated and restricted funds are also utilized to support expenses as dictated by the funds' designation or restriction.

#### **A. Pledges & Contributions**

Based upon the 2019 pledge revenue by parishes, the 2020 annual pledge budget remains the same. Diocesan pledge commitments for 2020 could not be used to determine this budget item because fewer than half of the parishes met the deadline for submitting their pledge.

## **B. Program Support**

These accounts record revenue associated with youth ministries, conferences, training, and governance. Youth ministries are supported by attendee revenue and diocesan support.

The Bishop Search and Transition Reserve account will be used to fund the expenses associated with the Bishop Search and Transition. It is expected that \$120,000 will be used. In 2020, those expenses include the consecration.

## **C. Investment Revenue**

This revenue is largely associated with the 5% distribution from the investment funds managed by the Southern Virginia Diocesan Foundation. These funds provide money to help support the following budget accounts: Latino Ministries, Small Church Maintenance, Congregational Development, M&M Grants, Seeds of Hope, Seminarian Scholarships, Clergy Continuing Education, Lay Continuing Education, Chanco, Idle Church Property, Diocesan Office Rent, Bishop Vaché Scholarship Fund, Jackson-Feild, The Boys' Home, and Historic St. Luke's. The budget for this category is \$668,773.

## **D. Funds Released from Restriction**

There are two planned withdrawals from restricted accounts. Funds will be released from the Episcopal Youth Event (EYE) Reserve to pay for the EYE event expenses. Funds from the Grandy Memorial Fund will be released to pay for the Lambeth Conference expenses.

## **E. Board Designated Funds Released**

Board designated funds will be released from the Congregational Development Fund to support the College of William & Mary development officer and subsidize the College Fund expenses. Funds from the Idle Property Fund will be released to fund idle property insurance and legal fees pertaining to the Messiah Case.

## **Expenses**

### **A. Ministries Within Our Diocese**

- 1. Parish and Mission Support-** Accounts in this category strengthen parishes by providing programs and training opportunities, fund racial reconciliation initiatives, and encourage clergy and congregational development. Small church grants for maintenance and communications also fall under this category.
- 2. Clergy Support-** Accounts in this category strengthen clergy in their ministries by providing educational opportunities and other support.
- 3. Seminarian Support-** Accounts in this category provide scholarships to seminarians and provide funds for ordination expenses.
- 4. College Ministries-** Accounts in this category provide funds to support college congregations. Currently, there are four college ministries being funded- ODU, W&M, Longwood, and Hampden-Sydney. Planning is underway for ministry programs at CNU and Hampton University.
- 5. Youth Ministries-** Accounts in this category provide funds to support youth in their spiritual journey by hosting events and providing event scholarships.
- 6. Camp Ministries-** To provide continued support to our Diocesan camp, Camp Chanco will receive \$100,000 in unrestricted funds.

The diocesan \$500,000 pledge to Chanco's capital campaign was fulfilled last year. During the Executive Board meeting in September 2019, the board voted to accelerate its pledge and pay the pledge in full in 2019.

7. **Latino Ministries-** Last year, a new part-time Latino Missioner was hired. He shares his ministry with Holy Apostles Church, Virginia Beach.
8. **Outreach Ministries-** Accounts in this category include addiction & recovery ministry, college scholarships, Jackson-Feild Home, Covington Boys' Home, Mission of the Holy Spirit, Prison Ministry, Historic St. Luke's and the Westminster-Canterbury Foundation.
9. **Christian Formation-** Accounts in this category include educational funds for adults and children & family programs. The only new request in this category is for child care expenses associated with special formation-related events.

## **B. Partnerships & Contributions**

1. **The Wider Church-** Accounts in this category includes the Diocesan pledge to The Episcopal Church. We will pay our mandatory apportionment of 15% or \$263,838.
2. **Ecumenical Partnerships-** The Diocese belongs to several ecumenical partnerships, such as the Virginia Interfaith Center, LACRUM and VA Council of Churches, for which dues are paid. The total dues are \$3,300.

## **C. Governance**

Accounts in this category include all expenses associated with governance of the Diocese and the wider church. Although General Convention will not convene until next year, the General Convention budget line will provide funds for the General Convention Reserve account. To pay for the expenses associated with The Lambeth Conference, funds will be released from the restricted fund- Grandy Memorial Fund. Expenses associated with the bishop search and transition is funded with designated reserve funds.

## **D. Communications Throughout Our Diocese**

Accounts in this category support communications throughout the Diocese.

## **E. The Episcopate**

- 1. Bishops-** Bishop Magness will continue to serve as Bishop Pro Tempore until Bishop-Elect Haynes is consecrated. Funds from the Bishop Search & Transition Reserve will pay for the Bishop-Elect's salary until she is consecrated. After the consecration, Bishop Magness will become the Assisting Bishop and resume doing visitations in September.
- 2. Staff-** The staff received a 1.6% COLA increase, except for those staff who has been in their position for less than 1 year.
- 3. Support**

One of the largest expenses in this category is the on-going lawsuit with the Church of the Messiah, Chesapeake. The chancellor estimates the expenses to be \$50,000 for 2020. Due to accelerated payments, the auto loan will be paid off by April.

Two new computers will be purchased for the new bishop and the executive secretary. Software will be also be updated, which increases the office expenses.

Property Insurance is expected to increase by 7%. Funds from the Idle Property Designated account will be used to fund the property insurance expenses associated with idle property.