

2007 One-Year Transitional Budget Narrative
Episcopal Diocese of Minnesota
Approved by the Triennial Budget Committee, 7-11-06
and by the Diocesan Finance/Audit committee, 7-20-06
and by Diocesan Council, 7-27-06
and at Diocesan Convention, 10-28-06

Bishop Jelinek appointed the following people to the 2007-2009 Triennial Budget Committee, a sub-committee of the Finance/Audit Committee of Diocesan Council: Bill Gray – Chair, Joe Dusek, Bob McClay, Chris Nimmer, Travis O’Neil, Doug Orville, Carolyn Schmidt, Doug Sparks and LeeAnne Watkins, with David Kapsner, Jim Pavlik and Karen Olson serving as staff liaisons.

The committee met regularly from November 2005 through June 2006 with regular updates made to both the Finance/Audit Committee and Diocesan Council. The primary tasks Bishop Jelinek set before the committee were:

- A. Evaluate the results and effectiveness, to date, of the ACG.
- B. Wrestle with the question, "Is the Diocese of Minnesota going to be a program diocese?" If yes, how is the revenue going to be increased?
- C. Recommend ideas for framing the structure and content of the 2007-2009 triennial budget.

The committee was able to address points one and three, but even after much discussion, point number two remains an ongoing and complex question that requires wider participation in the discernment of a possible response.

In summary, significant impacts to the 2007 budget were as follows:

- Proposed a one year transitional budget for 2007 instead of a triennial budget, *accepted by Finance/Audit Committee*
- Proposed keeping the current ACG formula, *accepted by Finance/Audit Committee*
- Proposed changing the Circuit Breaker from 10% plus COLA to 5% plus COLA, *considered by Finance/Audit Committee with no action*
- Reorganized the layout of the budget to promote better clarity
- Recommended a 3% COLA for 2007, but held the benefits flat for 2007 with the understanding that any increases in the cost of benefit plans be offset by a combination change in benefit design and/or employee contribution.

Revenues:

- Recommended an increase in gross ACG revenues from 2,606,068 in 2006 to 2,656,068 for 2007, an increase of \$50,000.

Expenses: (Departmental Impacts)

A – Congregational Development

The committee identified adjustments to the budget that would fund \$38,000 for the priority areas in the form of grants. Under prior budgets, there were monies available from the Trustees to fund the priorities (the old grant process). As a support function to the priorities, Communications received a revenue transfer of \$60,000. In 2007, the committee recommends that the \$60,000 be reallocated to areas that pertain to programmatic uses, which will include the grants (to be determined by management), DIW and the Mayo Chaplaincy.

Several reporting modifications have been recommended. The first is that the seven priority areas and the new offices listed below fall under the broad category of *Congregational Development*, as this has emerged as a central theme and direction of the Diocese. Second, the Committee recommended that Canon Missioner expenses be moved from Work of the Diocese to Congregational Development. And third, a grant to the Resource Center be moved from Faith Formation to Mission Work Beyond the Diocese and recommend funding this \$6,000 for 2007. The committee reviewed the request from Faith Formation and at this time has not funded the request except for the Resource Center.

Fourth, several new offices be created (albeit unfunded) to reflect the changes occurring within our society. They include Office of Asian Ministries, and the Office of African Ministries.

B – Department of Indian Work (DIW)

The Committee recommended that the increase to the DIW gross expense budget be limited to \$10,000 for 2007 from \$533,296 to \$543,296. The gap between the DIW Director's proposed budget and the committee's budget is approximately \$30k. As a compromise, the Bishop recommended that \$10,000 of the \$60,000 grant monies be used to help lesson the gap for a 2007 total of \$553,296 (endowment and tribal support revenues offset this amount).

C – Mission Work Beyond the Diocese

At the urging of Bishop Jelinek, the committee recommended the funding of the Millenium Development Goals for a total of \$16,788. As discussed earlier, the Church Resource Center grant of \$6,000 was moved to this department, which also includes the full asking pledge to the national church, a pledge to Province VI, and a pledge to the Minnesota Council of Churches.

D – Office of Stewardship & Development (New)

A new office/department has been added to reflect the continued efforts of the Bishop, Council and others to develop an on-going stewardship mission within our diocese. However, the committee recommended that until a secure source of funding has been identified that this department be left unfunded until such time funds are identified.

The Bishop's Circle revenue and related grant expense would be reflected in this department.

E – Communications

Based on the analysis outlined above in Congregational Development, the revenue transfer of \$60,000 would end in 2007. Additionally, the Committee recommended a \$35,000 cut. Given the rapidly changing landscape in the communications field, the department is currently reviewing trends and practices in information dissemination.

F – Administration

The Committee recommended that all Holy Orders expenses, including the part time staff position be moved from their current departments of Administration and Episcopate to a new area in Work of the Diocese called Holy Orders. The Committee recommends that the costs associated with computer support be moved from Administration to Finance.

G – Finance

The Committee recommended that the costs associated with computer support be moved from Admin to Finance. It was noted that \$10,000 of the Trustee management fee be transferred to Congregational Development as an offset to the mission real estate work performed by the Reverend Steve Schaitberger in his work for the Trustees.

H – Work of the Diocese (WOD)

As stated earlier, the Committee recommended that the Canon Missioners related expenses would be moved from WOD to Congregational Development.

The Committee also recommended that Holy Orders become a new sub department within WOD and the costs associated with that work be moved into this department. These expenses in previous budgets lived mostly in the Episcopate and other parts scattered through the budget.

I – Episcopate

The Committee recommended that the costs associated with the Episcopate be sub-divided into three categories: Congregational; Diocesan and Affiliated Agencies & Organizations; and Provincial, National, & Ecumenical.