

## **A Narrative for the Proposed Domestic and Foreign Mission Society (DFMS) 2025-2027 Triennial Budget**

The Executive Council of the Episcopal Church approved the 2025-2027 Proposed Triennial Budget that will be presented to the General Convention in a resolution for adoption. The Executive Council Joint Budget Committee thanks the members of the Executive Leadership Team and staff, the Executive Council and members of the broader Episcopal Church for their input in this process.

### **Background**

This proposed balanced Budget was developed under the new process as mandated by Resolution 2022 A048 and the related amended Canons and the Rules of Order for both the House of Bishops and House of Deputies that govern this process that was adopted by the 80<sup>th</sup> General Convention. The new Executive Council Joint Budget Committee was appointed by the Executive Council to draft a proposed balanced Triennial Budget. This new Committee replaced the previous budget committee known as the Program, Budget, and Finance Committee.

As a committee of the Executive Committee, the Joint Budget Committee, which is responsible only to the Executive Council, was charged with developing and drafting a balanced budget that was to be presented to the Executive Council for their review and approval to be introduced as a resolution to the General Convention for final adoption. The goal of the Joint Committee was to present a balanced budget based on the anticipated revenue resources of the DFMS. The Joint Committee started its work in February 2023 culminating in its approval at the Executive Council's January 2024 meeting.

### **Process**

In addition to working closely with and soliciting comments and suggestions from the Executive Leadership Team of the DFMS, the Joint Committee carefully considered the comments of those participating in the several Listening Sessions and those who submitted emails to us with their thoughts and detailed suggestions. It worked to ensure that our process was open and transparent, that we communicated in a timely fashion and made available opportunities for input throughout the Church. Because this is a new process, we sought input often and spent our January 2024 meeting carefully reviewing all the comments submitted.

In addition to openness and transparency, our guiding principle was to support the mission and ministry of the church. We maintained the current structure of the budget based upon the Jesus Movement budget with the three pillars of Care of Creation, Evangelism, and Racial Reconciliation and Justice. We recognized our role as good

stewards of our resources, cognizant of our responsibility to ensure that resources are provided for future generations to come. A reality is that because of the timing of the budgeting process, many of the requests that have come to us, and will come to the General Convention body, must be reconciled following General Convention, so are not reflected in this budget. As such, we agreed as a body to recommend that additional funding requests be submitted as resolutions to the General Convention and, if passed, be considered in the reconciliation process. The adopted balanced Triennial Budget coming out of the General Convention will then be managed and implemented by the Executive Council. The Joint Budget Committee will meet mid-September 2024 to conduct the reconciliation process following General Convention. That budget will be presented to the Executive Council at its November 2024 meeting for consideration and adoption of the adjustments.

### **Assumptions**

It is important to note that in order to balance the budget, cost savings had to be found in each of the functional and programmatic areas. Programs were examined to determine if they could be conducted in a more cost-effective manner, and some were eliminated. We honored the need to continue to provide high quality translation and interpretation services. We recognize that staff are unduly burdened; and sincerely appreciate their willingness to continue to serve under the current circumstances. In the years to come The Episcopal Church will need to closely examine its overall structure. Adjustments will likely need to be made to departmental organization and staffing levels; the use of permanent and consulting staff needs will be assessed. The Joint Budget Committee sees its work as supportive of the Executive Council resolution to provide funding for reviewing the organization of DFMS and implementing changes.

The following reflects a summary of the areas of income and expense where significant adjustments were made ( [\*] denotes line number in the Proposed Budget):

### **Income**

- 1) The diocesan assessment will remain at the current level of 15% with an anticipated growth in revenue of 2% during the triennium. [Line 3]
- 2) Estimated growth in the Domestic and Foreign Missionary Society (DFMS) investments would be 7.5% in 2024 and 2025. [Line5a]
- 3) We continue to heed the Investment Committee's recommendation and draw no more than 5% of a five-year rolling average of income derived from trust funds that support the budget.

- 4) Support for the Episcopal Coalition for Racial Justice and Equity is to be derived based on a formula from unrestricted assets and is noted separately. [Line 5b]
- 5) Additional Rental Income is based on an expanded use of the 815 Second Avenue property. This includes rental of the executive suite when not in use. [Line 14]
- 6) The Annual Appeal and other Development Income were increased. [Line 9]
- 7) Please note that our commitment to Episcopal Relief and Development remains strong and there is no income line in the budget. [Line 10]

## **Expenses**

- Reductions in expenses in each of the functional areas: Evangelism, Reconciliation and Justice, Creation Care, Mission Within the Episcopal Church, Presiding Bishop's Budget, Mission Beyond the Episcopal Church, Governance, Finance Legal Operations (HR, IT, Facilities, Purchasing).
- Funding at \$2M is provided for GC resolutions and new PB initiatives.[Line 697]
- 3% COLA and 5% increase in healthcare costs for DFMS employees.
- Staff Restructuring will provide savings during the triennium. [Line 698]
- Interpretation and translation services, essential for our work together, remain a priority area and as such are appropriately reflected in the budget.

## **Summary of Major Changes to the Budget Evangelism, Reconciliation and Justice, and Creation Care [Lines 35 to 65]**

- Evangelism: The three sections of Evangelism include
  - 1) Grants for new church starts and congregational redevelopment programs:
  - 2) Evangelism initiatives including training resources, revivals, grants, curriculum, resources and events; and
  - 3) Staff costs.

This area reduced line 36 by \$192,000 over the triennium, Mission Enterprise Zones and New Church Starts.

- Reconciliation and Justice: There are five sections in this category:
  1. Grants and training resources under Poverty and Social Justice Work;
  2. Racial Justice and Reconciliation that includes Becoming Beloved Community grants and resources, an expansion of Sacred Ground training;

3. Ethnic Ministries and their work they with Indigenous, Asian, African Descent, and Hispanic/Latino communities in the church;
4. Historically Black Colleges and Universities;
5. United Thank Offering; and
6. LGBTQ+ and Women's Ministries.

- A grant was received from the Lilly Foundation that allowed for the addition of a staff person (line 100) and an offset in line 88b.
  - Line 89a was reduced to \$20,000 per annum. Program travel in line 74 for Poverty and Justice staff was reduced by \$19,000 over the triennium.
  - Line 86 was reduced by \$37,000; this conference will only be held twice in the triennium.
  - Criminal Justice Ministries was zeroed because the work can better be done at the local level.
  - HBCU grants remain at the same level as the past biennium. The Joint Budget Committee recommends that if additional funding is sought, a resolution be brought to General Convention specifying the use of the additional funds sought and that each institution become and remain current with audited financials for each year of funding.
- Creation Care: This is a developing effort and includes funding for grants, networking, and resources. It is one of the few areas that received an increase in staffing from \$335k to \$388k over the triennium.

### **Mission Within the Episcopal Church**

This area includes Communications in all its forms to support the work of the church, and Formation and Vocation, which funds Episcopal Service Corps and Episcopal Youth Event, formation networks, campus ministries, and Safe Church training. This area funds the cost of church-wide curriculum development priorities of General Convention. The section on Transition Ministries includes the work of the Office for Transition Ministry including Diocesan Transition Ministers and maintains an online database to assist both clergy and congregations in the search process. TEC Block Grants provide unrestricted block grants to dioceses in Indigenous Areas, Latin America (including Cuba) and the Caribbean and enables these dioceses to sustain the presence of the Episcopal Church. Budgets generally cover stipends for clergy, lay ministers, and diocesan staff; insurance and taxes; support for diocesan programs and ministries for adults and youth; and the ability to partner with other agencies in outreach and community development.

- Reduced Line 276 Website Maintenance, Development and Upgrades by \$120k
- Reduced Line 340 anticipating less face-to-face interaction; some costs borne by individual departmental budgets
- Line 357b Reduction of all departmental budgets
- Reduced Line 357a curriculum budget
- Reduced Line 357b to account for online vs. in person training
- Reduced line 359 by \$5k per year in Young Adult and Campus Ministry Grants
- Line 360 reduction in campus ministries consultants. \$90k moved to fund Associate Officer for Campus Ministries
- Line 385 received an increase to accommodate an additional \$75K annually for Indigenous employees' medical insurance to assure parity.

### **Ministry of the Presiding Bishop**

The Presiding Bishop's Ministry includes the areas of:

1. The Presiding Bishop's Office;  
Funding in this area has been kept level to provide adequate funding for the new Presiding Bishop to begin their ministry. Modest adjustments were made to entertainment (line 181) and travel (line 183).
2. The House of Bishops  
Pastoral Development - Funding for this office includes the addition of the new Title IV officer who is assuming the pastoral care functions of the office (please see the comments on line 194). Furthermore, the cost for Title IV training materials is increased to cover the costs of maintaining current training materials for use at the Churchwide, provincial and diocesan levels necessitated by changing laws and translation services.
3. Armed Forces and Federal Ministries  
This is an area that has been underfunded. This category also includes chaplains for Veteran Hospitals and other federal facilities. The chaplains are confronted frequently with mental health issues and often the people dealing with these challenges with those in federal service. Increased funding for this ministry includes:
  - Recruiting military chaplains to supplement the 100 military chaplains to serve all our armed forces around the world.
  - Funding for the bishop to meet the required visitations of all the military bases and federal facilities that are part of this ministry. This has not been done in the past.
  - This ministry also serves Veterans Hospitals and Federal prisons.

- Training and on-going education for our chaplains who often provide not just pastoral care but mental health support for our troops.
4. The General Board of Examining Chaplains. (line 212)  
Overall, funding for this area has been modestly reduced. Funding is decreased in this area due to the decrease in those who are being ordained.

## **Mission Beyond**

This area includes: 1) the Anglican Communion; 2) Block Grants within the Anglican Communion; 3) Covenants within the Anglican Communion; 4) International Justice and Peacemaking/United Nations Presence; 5) Refugee Ministry; 6) Missionary Service; 7) Office of Government Relations; 8) Ecumenical, Interfaith, Global Relations; 9) Ecumenical Dues; 10) Grants in the form of contributed services to affiliated organizations.

- Line 466a. This line assumes that Global Episcopal Mission Network (A028) and Global Mission Advocacy program (A016) are not funded.
- Line 415b, New line to reflect emerging priorities within the Anglican Communion with a focus on reconciliation and evangelism and sustainable development initiatives.
- Line 466b. Discernment, training, reentry, travel. Reduced by \$1.2 mill, changing program from providing housing, stipend, and pension to a program that provides only insurance and travel. Focus on a “Volunteers for Mission Program”. Maintains up to \$100,000 annually for the support of “Border Missioners”.
- Line 471 reflects translation costs for many OGR materials, policy documents, educational webinars, and resources.

## **Mission Governance**

This area includes:

1. The General Convention Office (Lines 512 to 539)
  - The General Convention Office provides budgeting for in-person and virtual meetings of Interim Bodies, Executive Council (EC) including the work of committees of EC.
  - The Executive Council will hold two meetings in person and one meeting via Zoom in the upcoming triennium. Other bodies have been encouraged to adopt similar meeting schedules. (Line 514)
  - Translation and Interpretation Services reflect enhanced use of technology to meet our increasing need for these services.(Line 534)

- Although we have gone “paperless” for General Convention, the software and technology costs are necessary to ensure that we can run General Convention efficiently so funds for maintaining our technology are in the budget. (Line 533)
2. Provincial Coordination (Line 543 to 544)
  3. The House of Deputies (Lines 547 to 558)
    - The House of Deputies includes the budget for the President of the House of Deputies.
    - The President of the House of Deputies has budgeted for a 12-person Council of Advice, down from 15, for the upcoming triennium to reduce costs. (Line 548)
  4. The Archives of the Episcopal Church. (Lines 561 to 564)

The Archives reflects budget items for maintenance of historical information related to the Episcopal Church for research and legal operations, among others.

### **Mission Finance Legal Operations**

Included in this section are: 1) the Development Office; 2) Controller’s Office; 3) Treasurer’s Office; 4) Legal ; 5) Chief Operating Officer; 6) Human Resources; 7) Information Technology; and 8) Facilities Management.

These areas also represent “the cost of doing business” as The Episcopal Church and are generally less negotiable and typically increase with inflation. These areas are budgeted, again, with no increase in the net number of staff employed. They provide support for all areas of mission: Mission Within, Mission Beyond, the Presiding Bishop’s office, Racial Equality and Justice, Evangelism, and Care of Creation.

- Facilities management for the Church Center at 815 Second Avenue in New York City (lines 653- 679) include not only costs for building maintenance and upkeep but also requirements to comply with building codes in New York City. Other fees include plumbing, electrical, insurance, security, etc.
- The City of New York has code requirements for buildings, including sidewalk repair and maintenance. The property at 815 Second Avenue will need such sidewalk work in the 2025-2027 triennium, which is reflected in this budget. The COO and building supervisor will get competitive bids for this work.

## **Summary**

The budget presented is balanced and supports the areas of mission and ministry of the Episcopal Church and the dictates of General Convention. It is based on income assumptions observed and calculated from the past and uses sound financial practices. There will be two canonically mandated hearings on the budget. The first is a zoom meeting on May 16<sup>th</sup> at 4pm (EDST). The second will be at General Convention on June 22<sup>nd</sup> at 11am, location TBD.