

Overview

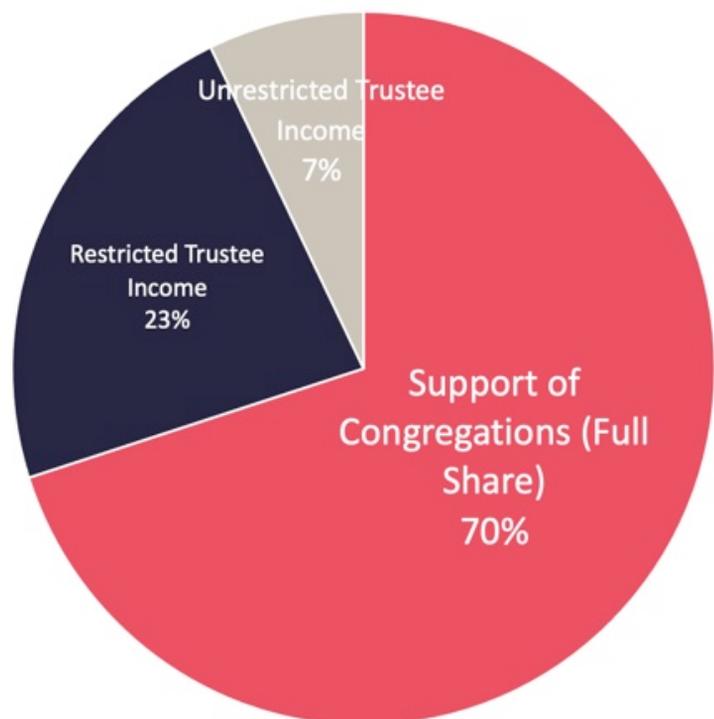
The 2021 summary budget, adopted by Diocesan Council in September, reflects the best efforts of Bishop Sean and the elected leaders of the diocese to predict how we can best participate faithfully in God's mission in our region during what promises to be another unpredictable year.

By continuing to reduce expenses and build capacity for ministry where we need it most, the 2021 budget both funds our mission and takes a conservative fiscal approach that will help our diocese withstand economic volatility.

Income

The diocesan budget includes income from three sources:

- Unrestricted trustee income - Income from investments managed by the trustees of the diocese that can be used for any purpose
- Restricted trustee income - Income from investments managed by the trustees of the diocese that can only be used for certain donor-defined purposes
- Support of congregations - Thirteen percent of each congregation's "normal operating income," which is assessed each year in accordance with diocesan canons



Income (continued)

Trustee Income – Restricted and Unrestricted

The diocesan endowment, begun in 1934, comprises funds donated to the diocese for its ongoing support. Each year, the trustees allocate a portion of the funds' investment income to support the diocesan budget. The amount, determined by the trustees' investment advisor, is set at a level that ensures the funds will remain sustainable for the long-term. The value of the funds on June 30, 2020 was \$13.09 million. For 2021, we anticipate that the fund will draw a total of \$376,265 to support the diocese's budget.

Support of Congregations

Approximately 70% of the diocese's income comes from the diocesan "full share," the current form of which was adopted by diocesan convention in 2012 and fully implemented in 2017 as a simple and equitable way for congregations of all sizes and financial means to contribute proportionally to the ministry of the bishop and the diocese. Each congregation's full share is 13% of its "normal operating income," a term drawn from the Episcopal Church's parochial report form that each congregation is required to complete annually. For 2021, we project that this amount will total \$90,000, which reflects a 3.2% percent decrease over the 2020 budget.

Operating Expenses

Our partnership with the Diocese of Northwestern Pennsylvania made it possible for us to reduce our operating budget by more than 8% in 2020 while increasing capacity to fund mission and train leaders. In 2021, we have planned a further slight reduction in operating costs as we anticipate ministry in the post-COVID era.

*Operating costs
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Personnel

By eliminating vacant positions and reallocating staff capacity, our 2021 budget reduces our personnel costs by 3.6% over the 2020 budget, while allowing us to continue supporting congregations, regional collaborations and community ministries. Since 2019, we have reduced the personnel budget by more than 13%.

Operating Expenses (continued)

Diocesan Center Expenses

In 2021, our expenses for the diocesan center in Tonawanda will decrease by an additional 3.7%. In 2018 and 2019, we addressed deferred maintenance issues and updated the house on the diocesan campus, which temporarily increased this budget line in those years.

Mission Discernment and Planning

As a diocese of the Episcopal Church, we share authority among the bishop, clergy and laypeople, and we participate in regional and churchwide structures and in the Anglican Communion. In 2021, we have allocated funds for meetings of our diocesan governance bodies, for participation in Province II of the Episcopal Church, and for deputies and Bishop Rowe to attend the General Convention of the Episcopal Church.

Just as congregations support the diocesan budget, we support the budget of the Episcopal Church by paying a mandatory 15% assessment on our operating (but not program or transition) income. In 2021, that amount will be \$143,716, which is based on our 2019 operating income. In 2022, the assessment formula will begin to factor in the reductions in our operating budget that began in 2020, and as a result, this amount will decrease.

Support Services

In 2019, New York State opened a “lookback” window in which victims of child sex abuse could file lawsuits outside the standard statute of limitations. The diocese has been involved in two such suits. As a result, we anticipate spending significantly more on legal fees in 2021. Fees of the accounting firm that conducts the annual audit of the diocese’s financial records are also paid from this portion of the budget.

Program Expenses

As our partnership with Northwestern Pennsylvania becomes more established, our transition expenses will decrease as our program expenses reach a stable level.

Retiree Benefits and Support

In order to honor agreements made in the past, the diocese contributes to the cost of benefits and other expenses for some retired clergy or lay employees.

Programming Expenses (continued)

Leadership Education and Training

This area of the program budget supports our work to strengthen congregations, develop leaders and pursue mission priorities. These expenses assist congregations in transition, support people discerning calls to ordained ministry, provide coaching for lay and ordained leaders and fund scholarships for retreats and training programs. In 2021, this budget line will increase by approximately \$36,000 to provide more coaching and training for lay and clergy leaders and pay for evaluation of ministry initiatives.

Community Support and Networking

We participate in ecumenical work through the Network of Religious Communities and the New York State Community of Churches, and within the Episcopal Church, we support the work of the United Thank Offering and Episcopal Relief & Development. The expenses associated with these relationships are supported by this portion of the budget.

Transition Expenses

As our partnership with Northwestern Pennsylvania becomes more established, our transition expenses will decrease by approximately 15%. During 2021, we will not have integration expenses. Communications for the diocesan partnership will continue to be funded from this area of the budget in lieu of filling a vacant staff position in 2021. In future years, some of these expenses will continue to be reduced or eliminated, and others may be reallocated or made part of the diocese's operating budget.

To learn more about the budget, talk with:

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