



# The Episcopal Diocese of Southern Ohio Narrative Budget 2023

## Overview

The Budget Committee began the process of developing the 2023 diocesan budget in late March, when it sent application forms to budget owners – the people responsible for each area of the operating budget – and asked them to use [zero-based budgeting](#) to develop their requests. Zero-based budgeting is a process in which each expense is evaluated and projected based on the need for the upcoming year rather than as an adjustment of the previous year's amount.

Budget applications were due by May 1, and according to the Rev. Canon David Getreu, canon for budget and finance, the amount of funds requested represented an increase of 9.1% over the 2022 budget. The Budget Committee was able to fund 96% of the requests submitted to create an operating budget that provides 12.7% more funds for diocesan programs and operations in 2023.

The 2023 budget funds several new priorities identified by Bishop Smith, including funds for New Episcopal Communities, congregational development, Becoming Beloved Community, and Formation. The 2023 budget supports these key areas of ministry, as well as the search for the Tenth Bishop of Southern Ohio, while anticipating a 5% decrease in mission share contributions from congregations.

The decrease in mission share contributions is projected to continue in future years as congregations continue to adjust to post-COVID realities. While W.C. Procter Fund and endowment income, which are calculated on a 12-quarter rolling average, remains strong, diocesan leaders anticipate that current market volatility will affect the income available from those investments in future budget years. Accordingly, the diocese's investment advisors have recommended that future draws on the endowment be made at the rate of 3.5% rather than the current 3.75% draw on the W.C. Procter Fund and the current 4% draw on the Endowment Fund, which are included in the 2023 budget.

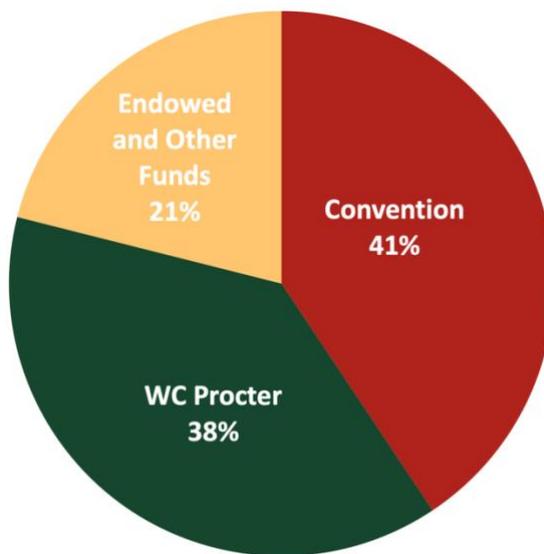
The 2023 budget also makes use of \$1.39 million drawn from various reserve funds and residual accounts. Those funds are detailed on page 1 of the budget spreadsheet. Some of these accounts will be used in their entirety during 2023 and will not be available for the 2024 budget.

The expected decreases in mission share, investment draw, and reserve funds mean that the 2024 budget is expected to be between \$150,000 and \$200,000 less than the 2023 budget.

# Income

The income available to support the Diocese of Southern Ohio in 2023 is shown in three columns on the budget spreadsheet:

- The **Convention Budget**, which includes Mission Share contributions from the congregations of the diocese; a 4% draw on the Endowment Fund of the Diocese of Southern Ohio (previously called 30 Funds (Consolidated Endowment Funds)); and other income and donations. **The Convention Budget makes up 41% of the consolidated budget.**
  - The Mission Share income projection in the 2023 budget assumes that Resolution 2022-05, which would exclude forgiven PPP loan/grant funds from Box A in the Mission Share calculation. If it is not, Mission Share funds would increase by approximately \$228,476.
  - The 2023 Convention Budget also reserves \$98,820 of Mission Share funds to be returned to churches through the 2022 incentive program; if convention approves Resolution 2022-04, which would eliminate the incentive program, these funds would not be reserved in the 2024 budget.
- The **William Cooper Procter Memorial Fund Budget**, which includes a 3.75% draw from this fund, which was given to the diocese in 1954. **The W.C. Procter Budget makes up 38% of the consolidated budget**, and according to the terms of the bequest, its use is restricted to expenses that meet four specific criteria.
- The **Endowed and Other Funds Budget**, which makes up 21% of the consolidated budget, and includes:
  - A 4% draw on the Faith in Life fund, which supports formation expenses.
  - A 2.61% draw on the Charlotte Elizabeth Procter Trust, which supports the salary of the bishop.
  - The Bishop’s Residence Fund, the interest of which provides for the bishop’s housing allowance;
  - A 4% draw on The Blanchard Fund, which supports Episcopal Community Ministries.



- Income from diocesan programs, and income released from designated funds held in reserve to support particular projects or events;
- Donations to Episcopal Community Ministries and New Hope Church.

**Mission Share Contributions**

Each congregation in the diocese makes a contribution to the Convention Budget in the form of Mission Share. The amount each congregation pays is calculated using a formula approved by Diocesan Convention. The formula for 2022 through 2024 is [available on the website](#).

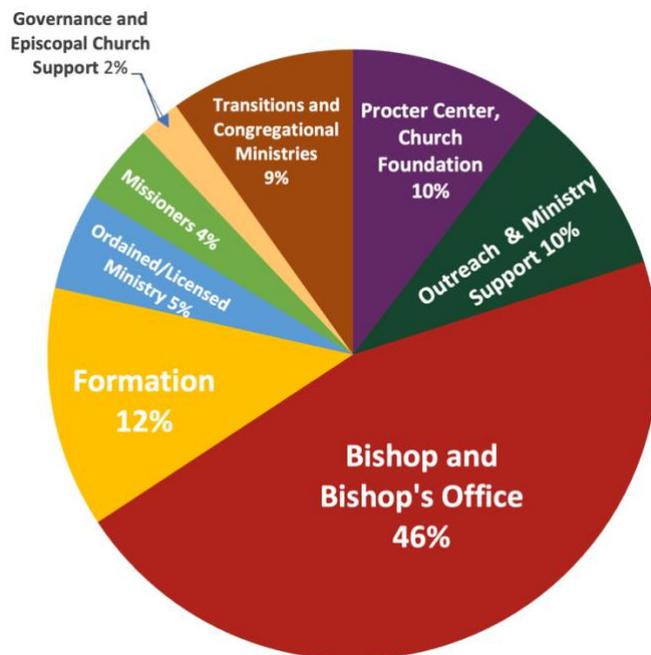
The formula, which uses income and expenses data submitted by each congregation on the Episcopal Church’s annual [parochial report](#), is designed to provide an equitable way for every congregation to support the diocesan budget.

- In short, the formula tallies the total amount of expenses and income of every congregation in the diocese and calculates each congregation’s share of those amounts.
- The resulting “Share Ratio” is used to determine the percentage of the congregation’s normal operating income that it is expected to pay to the diocese.
- The congregation with the lowest ratio pays 4%, and the congregation with the highest ratio pays the most—just over 14%. The median congregation pays 11.5%.
- The diocese’s two congregations that share status with other denominations are assessed using a special formula.

# Expenses

**In 2023, the diocese will invest \$6.63 million in operations, formation, outreach, congregational ministries, and other programs and initiatives.**

- \$387,395 of this amount, drawn from the W.C. Procter Fund, is allocated to the Procter Camp and Conference Center.
- \$300,000 of this amount, drawn from the W.C. Procter Fund, is allocated to the Church Foundation, which makes grants to congregations for capital expenses and emergency building repairs.



**The diocese's expense budget has been reorganized for 2023. It now includes seven categories:**

## **Outreach and Ministry Support**

Outreach and Ministry Support is a new grouping in the 2023 budget, and it includes funds that the diocese provides to congregations and grants awarded to outside organizations. This accounts for 10% of the diocese's budget. In 2023, the amount of funds allocated for grants given solely at the bishop's discretion has been reduced, and the funds allocated to Latinx ministry (not including *La Iglesias Episcopal del Espíritu Santo*, which is represented in another section of the budget) have been reduced based on the actual amounts spent in recent years.

## **Bishop and Bishop's Office**

The budget for the bishop's office will increase by about 16.5% in 2023. Most of the increase is due to the expenses of the search for the Tenth Bishop of Southern Ohio and the addition of the Missioner for Black Ministries, a position that has been created in collaboration with the Reparations Task Force. Some other areas of increase in this budget category are due to the conclusion of an operational partnership with Christ Church Cathedral in June 2022.

- The 2023 budget includes \$340,000 in funding for the bishop search, which includes expenses for the work of the bishop nominating committee, including a discernment retreat with candidates scheduled for June; the work of the transition committee; and the cost of a special electing convention scheduled for September, along with costs for the ordination service.
- The end of the operating partnership with the cathedral necessitated new financial leadership, and as a result, finance personnel costs have increased by about 19%. In June 2022, Bishop Smith appointed Christine Perme, who was previously comptroller, as chief financial officer and the Rev. David Getreu as canon for finance and budget. Susan Byrnside, an accountant on the bishop's staff since 2013, was promoted to senior accountant. Kelly Whitaker continues to manage accounts payable and Lori Crenshaw was hired to handle payroll and benefits.
- The diocese now contracts for labor to support its share of maintenance and repair of the facilities at 412 Sycamore. In 2023, this area of the budget will accommodate inflationary costs and other increases in contracted labor and building supplies.
- The diocese's 15% apportionment to the budget of The Episcopal Church is budgeted to be \$447,725 in 2023, a \$9,000 reduction from 2022. Until 2022, all dioceses in the Episcopal Church were required to pay a 15% assessment on reported diocesan income for the year before last, less an exemption of \$140,000. Beginning in 2023, the exemption will increase to \$200,000.

## Formation

In 2023, this budget category consolidates the diocese's focus on formation, some of which have previously been included in other categories. As a result of this budget reorganization, the 2023 formation team budget will increase 69% over 2022:

- The Formation Team budget now includes Becoming Beloved Community, which will grow by more than 72% due to increased consultant and contractor staffing.
- Other formation staffing has also increased as campus ministry, summer camp formation and intergenerational ministry have become the responsibility of this department. The 2023 budget reflects those increases.
- The 2023 budget includes a new investment of \$200,000 in the development of New Episcopal Communities. This initiative, which builds on what the diocese learned from its pre-pandemic investment in Fresh Expressions/Praxis Communities, will support the development of new mission cohorts, worshipping communities, and other alternative communities grounded in the core values and practices of The Episcopal Church. In particular, this initiative is expected to reach campus communities and young adults.

## Ordained/Licensed Ministry

The area of the budget that supports people in discernment for ordained ministry and seminarians will decrease by 28% in 2023 due to a change in diocesan policy about the placement of seminary graduates. While we expect that newly ordained clergy will continue to find supportive learning opportunities in congregations of the diocese, we recognize that the best placement for a first-time call may not always be within the bounds of the diocese from which one was sent to seminary. Current seminarians can expect that the diocese will fulfill its promise to provide a two-year residency experience; future seminarians will be in conversation with the bishop during their final year of education about the best placement for them. This change in policy reflects what has occasionally happened in practice and is normative throughout the Episcopal Church.

## Missioners

In 2022, the diocese piloted a regional missioner initiative when Bishop Smith appointed regional missioners for Central and Southeastern Ohio. A missioner for the River Churches was also added in 2022. Based on the success of that pilot, the 2023 budget continues funding for these missioners while also seeking to expand the program into other areas of the diocese.

## Governance and Episcopal Church Membership

This area of the budget will decrease by more than half in 2023 because neither General Convention nor the Lambeth Conference, a gathering of Anglican Communion bishops, will be held next year.

## Transitions & Congregational Ministry

This area of the budget will increase by approximately 5.5% in 2023.

- The budget supports La Iglesias *Episcopal* del Espíritu Santo, a congregation that serves mostly Latinx immigrants and their families in suburbs of Cincinnati. Staff include Jake Otte, missionary for Latinx Ministries, and program staff for ESL classes, and in 2023, the budget for this ministry includes funds to ensure adequate staff benefits and support community events and programs.
- The budget supports New Hope Church, a congregation that serves the East Dayton community, and its church planter, the Rev. Emmanuel Tuyshime. In 2023, the budget for this ministry includes funds to ensure adequate staff benefits.
- This area of the budget will support a major Commission on Congregational Life event for the entire diocese being planned for 2023.
- Although no funds are allocated in this budget for parish building assessments, another method of providing that service is being explored in 2023.

**To learn more about the budget,  
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