



Report of the Joint Budget Committee on the 2023 MSF Budget

Joint Budget Committee Process

Appointed by Bishop Taylor, the Joint Budget Committee (JBC) comprises members of Diocesan Council and directors of the Corporation of the Diocese (COTD). It is convened by Canon Andy Tomat, the Diocesan treasurer, and advised and assisted by the chief financial officer, the Rev. Susan Stanton. The committee and its subcommittees met frequently from July through October to review proposed expenses and income. Through discernment of significant fundamental changes to income and expenses, the JBC produced a balanced budget of \$11,628,673 on a consolidated basis, with \$4,577,500 coming from the Mission Share Fund (MSF) portion, which convention is asked to approve. COTD and the Bishop as Corporation Sole (“Corp Sole”) have already approved their portions.

Consolidated Budget Presentation

This consolidated budget is balanced without depleting either unrestricted cash and investments or principal from the endowment and restricted funds in Corp Sole or the COTD.

At the recommendation of the Diocesan Council, convention delegates are being asked to prayerfully review the MSF portion (highlighted in the pink column). The allocation of expenses to MSF follows Canon 19.06 in providing funds for “the equitable share of the general church program budget” as well as “the funding of deanery programs and to the ministry of area pastors,” specifically mission vicars.

In addition to the budget summary presented here, line-item detail is available online at www.diocesela.org/convention/budget. Estimated year-end 2022 results are also shown online for each income and expense line item.

Income Assumptions

Mission Share Fund income comes primarily from payments from parishes and mission congregations. Based on feedback from Diocesan Council, the JBC set the expected levels of MSF income from parishes and mission congregations in 2023 at \$4,550,000. This increase considers diocesan-wide average increases in pledge and plate giving, expected collection of significant past due payments of previous MSF commitments, continued year-over-year increases in percentage commitments to MSF, and word that several larger parishes plan to move to the 12% giving level in 2023.

The shortfall in the canonically required 12% of parish giving to the Mission Share Fund in 2022 has dramatically impacted the Diocese’s ability to fund critical administrative functions, provide financial assistance to support mission congregations, and grow new mission and ministry. In September 2022, Bishop Taylor and Canon Tomat told Diocesan Council that, according to the JBC’s recommendation, a policy of mandatory assessments would take effect beginning January 1, 2024, after a year’s study and discernment about best practices, including an appeals process.

The Corp Sole portion is primarily income, not principal, from restricted funds. The COTD-controlled portion includes a combination of grant income (primarily for IRIS and Seeds of Hope) and a small

amount of income from the new diocesan endowment funds to grow ministries and support the Neighborhood Youth Association. Grant-funded programs also now include 10% in their grant applications for administrative support provided by the Diocese.

Expense Assumptions

On the expense side, through prayerful discernment and debate, the JBC achieved a total reduction of \$900,000 from initial requests. The primary reductions were achieved through significant reform of our benefit programs – among the most generous in The Episcopal Church – while continuing to meet our commitments to ensuring health care for all and parity between clergy and lay employees. We are still able to provide excellent benefits to our employees, comparable to local institutions such as UCLA. These decisions were not easy, and many of the initial suggested reductions were altered or deferred in the JBC's subsequent discussions with the Bishop, Canon to the Ordinary, and staff.

Final Prayers of Thanks

The Committee wishes to offer prayers of thanks to the Bishop for moving the Diocese towards a new model of transparency and governance and especially for the invaluable assistance of our Finance Department under the leadership of the Rev. Susan Stanton.

Respectfully submitted by the Joint Budget Committee:

Dr. Charlotte Borst (COTD)

The Rev. Michael Corrigan (COTD)

Ms. Nancy Doss (Diocesan Council)

The Rev. Dr. Antonio Gallardo (COTD)

Canon Andy Tomat (Treasurer and Committee Convener)

Mr. Dan Valdez (Diocesan Council)

As assisted by the diocesan finance office:

The Rev. Susan Stanton, CFO

Ms. Martha Macias, Controller

Ms. Carla Burgess, Accounts Receivable Manager

Ms. Melania Garibay, Accounts Payable Manager

Canon Abigail Urquidi, Canon for Congregational Support