



The Episcopal Diocese of Los Angeles

October 27, 2023

TO: Diocesan Council

FROM: The Rev. Susan Stanton, Director of Finance & CFO
Joint Budget Committee

RE: **The Proposed 2024 Consolidated Budget**

The Joint Budget Committee conducted five separate meetings to review funding from all participating ministries of the Diocese and evaluate income sources to ensure a sustainable, balanced budget in 2024. The 2024 proposed budget consolidates all income and expenses for the Mission Share Fund, Corp Sole, and Corporation of the Diocese, into a single unified presentation to show total spending in the Diocese. Because the Mission Share Fund is approved by the Diocesan Convention and the Corporation of the Diocese budget by the COTD directors, the final consolidated presentation will include individual fund statements for the Mission Share Fund, the Corporation of the Diocese, and Corp Sole. However, in preparing the budget, a comprehensive view was taken to integrate spending from these three general areas into a unified consolidated presentation.

As shown in Table 1, the Joint Budget Committee's recommended 2024 Consolidated Budget for the Episcopal Diocese of Los Angeles is \$11,015,000, split across the following funding sources:

Table 1

2023-2024 Budget Allocation: Ministries and Organizational Unit					
All Ministries	CONSOLIDATED BUDGETS		Mission Share	Corp Sole	COTD
	2023	2024			
Christian Outreach	(4,474,500)	(3,803,780)	(162,737)	-	(3,641,043)
Christian Formation	(264,915)	(283,020)	(60,500)	(50,000)	(172,520)
The Church in the World	(1,954,827)	(2,019,558)	(1,844,618)	-	(174,940)
Mission and Congregational Development	(1,109,000)	(1,126,505)	(857,970)	(268,535)	-
New Community Ministries	(136,587)	(126,740)	(90,980)	-	(35,760)
Stewardship and Care	(1,353,757)	(1,538,112)	(1,177,112)	(27,000)	(334,000)
Office of Formation and Transition Ministry	(659,145)	(495,755)	(465,755)	(30,000)	-
Advancement	(669,386)	(658,632)	(403,562)	-	(255,070)
Facilities and Grounds	(1,006,557)	(962,895)	(724,895)	(38,000)	(200,000)
Total Expenses	(11,628,673)	(11,015,000)	(5,788,130)	(413,535)	(4,813,335)

As shown in Table 2, based on income that the Diocese expects from assessments, awarded grants, executed agreements, or income from trust funds, the Finance Department projects total 2024 income of \$11,030,000 in the Mission Share Fund, Corp Sole, and Corporation of the Diocese:

Table 2

	Consolidated Budgets		Proposed	Proposed	Proposed
	2023	2024	2024 MSF	2024 Corp Sole	2024 COTD
INCOME					
Mission SHARE ASSESSMENT at 12% of Est. 2022 NOI	-	\$5,072,000	\$5,072,000	-	-
Less Budget for Assessment Waivers	-	(\$127,000)	(\$127,000)	-	-
Net Mission Share Assessment Income	\$4,550,000	\$4,945,000	\$4,945,000	\$0	\$0
COTD Fund Income	\$520,000	\$667,500	\$230,000	\$0	\$437,500
Corp Sole Income	\$444,050	\$524,535	\$36,000	\$413,535	\$75,000
COTD Income	\$678,000	\$794,360	\$350,360	\$0	\$444,000
Contribution Income	\$438,350	\$171,095	\$5,700	\$0	\$165,395
Fundraising Income	\$4,500	\$1,500	\$1,500	\$0	\$0
Grant Income	\$605,000	\$94,260	\$20,000	\$0	\$74,260
Other Income	\$236,300	\$201,650	\$200,600	\$0	\$1,050
Programs-Specific Grants	\$3,972,473	\$3,630,099	\$0	\$0	\$3,630,099
New in 2023 Sources of Income	\$180,000	\$0	\$0	\$0	\$0
Total Income	\$11,628,673	\$11,030,000	\$5,789,160	\$413,535	\$4,827,305

Initial funding requested by all participating ministries (excluding restricted income from IRIS, Seeds of Hope, and the Salary Continuation program) exceeded projected income by \$469,816. Table 3 shows how this deficit was reduced by additional income and expense reduction:

Table 3

Consolidated Budget Comparisons: 2023 vs. 2024			
Income and Expense	Consolidated Budgets		
	2023	2024	+/-
Net Mission Share Assessments	\$4,550,000	\$4,945,000	\$395,000
COTD Fund Income	\$520,000	\$667,500	\$147,500
Corp Sole Income	\$444,050	\$524,535	\$80,485
COTD Income	\$678,000	\$794,360	\$116,360
Contribution Income	\$438,350	\$171,095	(\$267,255)
Fundraising Income	\$4,500	\$1,500	(\$3,000)
Grant Income	\$605,000	\$94,260	(\$510,740)
Other Income	\$236,300	\$201,650	(\$34,650)
Program -Specific Grants Income	\$3,972,473	\$3,630,099	(\$342,374)
Trinity WS-CPE	\$180,000	\$0	(\$180,000)
Total Income	\$11,628,673	\$11,030,000	(\$598,673)
Expenses			
Christian Outreach	\$4,474,500	\$3,803,780	(\$670,720)
Christian Formation	\$264,915	\$283,020	\$18,105
The Church in the World	\$1,954,827	\$2,019,558	\$64,731
Missions and Congregational Development	\$1,109,000	\$1,126,505	\$17,505
New Community Ministries	\$136,587	\$126,740	(\$9,847)
Stewardship and Care	\$1,353,757	\$1,538,112	\$184,355
Office of Formation and Transition Ministry	\$659,145	\$495,755	(\$163,390)
Advancement	\$669,386	\$658,632	(\$10,754)
Facilities and Grounds	\$1,006,557	\$962,895	(\$43,662)
Total Expenses	\$11,628,673	\$11,015,000	(\$613,676)

Table 4 is a program summary of the Consolidated 2024 Proposed Budget for the Mission Share Fund, Corp Sole, and the Corporation of the Diocese.

Table 4

Episcopal Diocese of Los Angeles Consolidated 2024 Proposed Budget					
	Consolidated Budgets		Proposed	Proposed	Proposed
	2023	2024	2024 MSF	2024 Corp Sole	2024 COTD
PROGRAM EXPENSES					
CHRISTIAN OUTREACH					
Sanctuary Task Force	\$0	\$0	\$0	\$0	\$0
Immigration Resettlement					
IRIS-Episcopal Migration Services-R&P Proj#8095	(\$613,321)	(\$1,185,798)	\$0	\$0	(\$1,185,798)
IRIS-Fee for Service-Immigration Proj. #8033	(\$10,583)	\$0	\$0	\$0	\$0
IRIS-Naleo-Proj. #8110	(\$10,583)	\$0	\$0	\$0	\$0
IRIS-CDSS-Proj. #8098	(\$238,474)	(\$277,400)	\$0	\$0	(\$277,400)
IRIS-Preferred Community Program-Proj. #8120	(\$176,693)	(\$197,788)	\$0	\$0	(\$197,788)
IRIS-EMM APA (Afghan Parolee)-Proj. #(8121)	(\$155,408)	\$0	\$0	\$0	\$0
IRIS-EMM APA PC-Proj. #(8122)	(\$95,920)	\$0	\$0	\$0	\$0
IRIS-EMM PC Capacity-Proj. #(8127)	(\$113,720)	\$0	\$0	\$0	\$0
IRIS-City of Los Angeles-LA Public Library-Proj. #8124	(\$90,503)	\$0	\$0	\$0	\$0
IRIS-California Dept of Social Services-ESPA Proj. #8123	(\$208,120)	(\$115,250)	\$0	\$0	(\$115,250)
IRIS-ASA #2-Proj #8128	(\$99,693)	\$0	\$0	\$0	\$0
IRIS-EMM- UHP PC- Proj. #8130	(\$935,358)	\$0	\$0	\$0	\$0
IRIS-General-Proj. #1000	(\$109,270)	\$0	\$0	\$0	\$0
IRIS-RHPP-Proj. #8131	(\$75,500)	\$0	\$0	\$0	\$0
IRIS-Weingart Foundation-Proj. #8114	(\$127,892)	\$0	\$0	\$0	\$0
IRIS-Cedar Sinai Grant-Proj. #8133	\$0	(\$19,275)	\$0	\$0	(\$19,275)
IRIS LDS Grant for Beds-Proj. #8134	\$0	(\$65,530)	\$0	\$0	(\$65,530)
IRIS-St. James South Pasadena-Food for Refugees #9096	\$0	\$0	\$0	\$0	\$0
IRIS-Annenberg Foundation-Proj. #9098	\$0	\$0	\$0	\$0	\$0
IRIS-REA-Proj. #3135	\$0	(\$262,070)	\$0	\$0	(\$262,070)
IRIS-AHP-Proj. #3136	\$0	(\$475,055)	\$0	\$0	(\$475,055)
IRIS-UHP-Proj. #3137	\$0	(\$386,780)	\$0	\$0	(\$386,780)
IRIS-General Project	(\$185,750)	(\$125,790)	\$0	\$0	(\$125,790)
IRIS Total	(\$3,246,787)	(\$3,110,741)	\$0	\$0	(\$3,110,741)
Seed of Hope					
SOH-West Hollywood-Proj. #7004	(\$82,118)	(\$76,960)	\$0	\$0	(\$76,960)
SOH-City of Hope-Proj. #7007	(\$55,417)	\$0	\$0	\$0	\$0
SOH-CalFresh-Proj. #7011	(\$362,562)	(\$395,820)	\$0	\$0	(\$395,820)
SOH-Heluna Health-Proj. #7015	(\$19,725)	\$0	\$0	\$0	\$0
SOH-General-Proj. #7013	(\$169,268)	(\$19,070)	\$0	\$0	(\$19,070)
SOH-Epiphany Garden 7014	\$0	(\$4,565)	\$0	\$0	(\$4,565)
SOH-Pico Union Project 7023	(\$6,363)	(\$12,490)	\$0	\$0	(\$12,490)
SOH-LA LGBT Senior Services 7019	(\$6,363)	(\$16,050)	\$0	\$0	(\$16,050)
SOH-Kaiser Permanente Proj. #7002	(\$47,050)	\$0	\$0	\$0	\$0
SOH-Los Angeles Education Partnership 7022	\$0	\$0	\$0	\$0	\$0
SOH-LINC Housing-Proj. #7020	\$0	(\$5,350)	\$0	\$0	(\$5,350)
SOH - DPSS-Proj. #7026	\$0	\$0	\$0	\$0	\$0
SOH-General-Project	\$0	\$0	\$0	\$0	\$0
SOH-USDA Urban Agriculture Innovation & Production	\$0	\$0	\$0	\$0	\$0
SOH Total	(\$748,866)	(\$530,305)	\$0	\$0	(\$530,305)
PRISM Chaplain Ministry	(\$478,846)	(\$162,737)	(\$162,737)	\$0	\$0
Christian Outreach Total	(\$4,474,500)	(\$3,803,783)	(\$162,737)	\$0	(\$3,641,046)

2024 Consolidated Budget
October 19, 2023

Episcopal Diocese of Los Angeles Consolidated 2024 Proposed Budget					
	Consolidated Budgets		Proposed	Proposed	Proposed
	2023	2024	2024 MSF	2024 Corp Sole	2024 COTD
CHRISTIAN FORMATION					
Neighborhood Youth Association	(\$38,500)	(\$38,500)	\$0	\$0	(\$38,500)
Campus & Youth	(\$76,000)	(\$76,000)	(\$51,000)	(\$25,000)	\$0
Youth Ministry	(\$11,088)	\$0	\$0	\$0	\$0
Commission on Schools	(\$88,077)	(\$134,020)	\$0	\$0	(\$134,020)
Stillpoint/EFM Contract Fee	(\$2,750)	(\$2,750)	(\$2,750)	\$0	\$0
Bloy House	(\$48,000)	(\$28,750)	(\$3,750)	(\$25,000)	\$0
Bishops' Commission on Liturgy & Music	\$0	(\$3,000)	(\$3,000)	\$0	\$0
Ministry Fair	(\$500)	\$0	\$0	\$0	\$0
Christian Formation Total	(\$264,915)	(\$283,020)	(\$60,500)	(\$50,000)	(\$172,520)
THE CHURCH IN THE WORLD					
The Episcopal Church	(\$832,070)	(\$860,700)	(\$860,700)	\$0	\$0
Bishop's Office	(\$966,613)	(\$1,013,023)	(\$838,083)	\$0	(\$174,940)
Diocesan Convention	(\$156,144)	(\$145,835)	(\$145,835)	\$0	\$0
The Church in the World Total	(\$1,954,827)	(\$2,019,558)	(\$1,844,618)	\$0	(\$174,940)
Missions AND CONGREGATIONAL DEVELOPMENT					
Missions and Congregational Development Total	(\$1,109,000)	(\$1,126,505)	(\$857,970)	(\$268,535)	\$0
NEW COMMUNITY MINISTRIES					
New Community Ministries Total	(\$136,587)	(\$126,740)	(\$90,980)	\$0	(\$35,760)
STEWARDSHIP AND CARE					
Human Resources	(\$237,163)	(\$338,040)	(\$236,040)	(\$2,000)	(\$100,000)
Administration and Finance	(\$624,599)	(\$751,072)	(\$726,072)	(\$25,000)	\$0
Information & Technology (IT)	(\$257,994)	(\$215,000)	(\$215,000)	\$0	\$0
Unemployment Insurance	(\$234,000)	(\$234,000)	\$0	\$0	(\$234,000)
Stewardship and Care Total	(\$1,353,757)	(\$1,538,112)	(\$1,177,112)	(\$27,000)	(\$334,000)
OFFICE OF FORMATION AND TRANSITION MINISTRY					
Office of Formation and Transition Ministry	(\$467,529)	(\$475,315)	(\$445,315)	(\$30,000)	\$0
Deacon Formation	(\$1,500)	(\$2,000)	(\$2,000)	\$0	\$0
Deaneries Support	(\$10,441)	(\$10,440)	(\$10,440)	\$0	\$0
Interfaith Ministries	(\$6,001)	(\$8,000)	(\$8,000)	\$0	\$0
Trinity WS-CPE for Lay Leadership Program (New in 2023)	(\$173,675)	\$0	\$0	\$0	\$0
Office of Formation and Transition Ministry Total	(\$659,146)	(\$495,755)	(\$465,755)	(\$30,000)	\$0
ADVANCEMENT					
Capital Development	(\$275,000)	(\$255,070)	\$0	\$0	(\$255,070)
Communications and Public Affairs	(\$292,130)	(\$311,120)	(\$311,120)	\$0	\$0
Stewardship	(\$1,750)	(\$1,750)	(\$1,750)	\$0	\$0
Episcopal Enterprises	\$0	\$0	\$0	\$0	\$0
Retreat Center	(\$100,506)	(\$90,692)	(\$90,692)	\$0	\$0
Advancement Total	(\$669,386)	(\$658,632)	(\$403,562)	\$0	(\$255,070)
FACILITIES AND GROUNDS					
Building Operations	(\$624,233)	(\$628,860)	(\$590,860)	(\$38,000)	\$0
Episcopal Residence Expense	(\$132,323)	(\$134,035)	(\$134,035)	\$0	\$0
Capital Improvements	(\$250,000)	(\$200,000)	\$0	\$0	(\$200,000)
Facilities and Grounds Total	(\$1,006,557)	(\$962,895)	(\$724,895)	(\$38,000)	(\$200,000)
Total Expenses	(\$11,628,674)	(\$11,015,000)	(\$5,788,130)	(\$413,535)	(\$4,813,335)

Part II: 2024 Requested Funding for Diocesan Ministries

Christian Outreach:

Interfaith Refugee & Immigration Service (IRIS) and Seeds of Hope are our largest outreach ministries. Both have been significantly impacted by changing needs for their services and the receipt of expected grant income to pay for services and personnel. Projected spending for Christian Outreach in 2024 is \$3,743,435 compared to \$4,474,545 in 2023.

IRIS's \$3,110,741 in projected 2024 income compares to \$3,246,787 in 2023. In 2024, IRIS proposes to dramatically increase spending for its Episcopal Migration Service program to \$1,185,800 compared to \$613,321 budgeted in 2023 due to direct assistance to refugees and auxiliary personnel in the program. In partnership with the Episcopal Migration Ministry, IRIS has grown to self-sufficiency with its large annual operating income and significant cash reserves. As the demands for IRIS's service have continued to grow, it has become clear it would benefit from operating as an independent 501(c)3 corporation like other Diocesan institutions such as the Gooden Center and Hillside. The initial work is underway to bring this about. IRIS's executive director is a subject matter expert in refugee resettlement activities and an immigration attorney. Its administrative staff has the expertise to manage its risk management programs, personnel systems, finance, and accounting.

The Seeds of Hope's 2024 proposed budget is \$530,305 compared to \$748,866 in 2023. In 2024, Seeds of Hope will no longer receive funding from City of Hope, Public Health Foundation Enterprises, or Kaiser Permanente. Primary funding will continue to come from the CalFresh Healthy Living Program Service administered by the County of Los Angeles's Department of Public Health.

Historically, the Diocese approved the Seeds of Hope budget with "aspirational" funding from grants, donations, and potential service contracts. Seeds of Hope's shortfall and operating deficits were subsidized by the Diocese from unrestricted income from Corp Sole gained through the sale of church properties, which is no longer our practice. If Seeds of Hope is unable to secure additional grants or agreements prior to 2024, the ministry will need to reduce service or personnel expenses to ensure it does not exceed the 2024 budget of \$530,305.

Considering the program's continued annual operating deficits, the Joint Budget Committee has recommended to the Corporation of the Diocese that the Seeds of Hope program transition away from the Diocese within two years, either by merging with a Diocesan parish's existing food ministry or an outside program, or by ceasing operations.

The proposed 2024 budget for the Center for Lay Chaplaincy and PRISM is \$162,735 compared to \$478,846 in 2023. The substantial reduction in the proposed 2024 budget is due to insufficient grant funding to continue the ministry after the expiration of three years from Trinity Wall Street. In 2023, the ministry provided 1,440 hours of visiting and Episcopal worship services for 3,720 incarcerated persons in Los Angeles and CFLC 1,008 instructional hours of lay CPE training for 15 lay chaplains and two lay facilitators as well as 345 hours of adult formation for lay leadership. With the expiration of grant funding from Trinity Wall Street, the Joint Budget Committee has recommended funding the executive director as a part-time position with the understanding that supporting the ministry with Mission Share and Trust fund income is a one-time action with no expectation that it be continued in 2025. Funding this innovative, justice-based program will be a priority for our new advancement department.

Christian Formation

Total spending for Christian Formation in 2024 is \$283,020 compared to \$264,915 in 2023.

The 2024 proposed Christian Formation budget includes \$38,500 for the Neighborhood Youth Association (NYA), funded by the annual draw from the Bishop Stevens Endowment Fund for NYA. NYA empowers students to achieve 100% college placement and on-time high school graduation through mentoring, tutoring, and a holistic family approach to break cycles of poverty and vulnerability. NYA's after-school program provides under-served youth ages 6-18 with targeted, individualized academic support. NYA's Personal Best Program addresses the complex needs of students from low-income families, focusing on core academic skills, including science, technology, engineering, arts, and math instruction. Additionally, the budget includes \$76,000 for our higher education ministry through a \$3,600 grant for the Canterbury USC Foundation, a \$62,392 grant for the young adult and campus missioner at St Michael's Isla Vista, and a \$10,008 grant to St George's Riverside for a UCR mission-based interfaith ministry.

The 2024 proposed Christian Formation budget of \$134,020 for the Commission of Schools has increased by \$46,943 compared to 2023 to fund a full-time executive director. The Seaver Trust will provide supplemental funding for this full-time position. Full-time allocation of the executive director role will offer schools, especially smaller ones, much-needed expanded support, consultation, and networking/continuing educational opportunities to address the ever-growing challenges such as enrollment management, financial sustainability, marketing and communications, risk management, human resources, leadership development, church/school relations, and governance.

The proposed Christian Formation budget includes a \$25,000 grant to Bloy House, our diocesan theological school. Bloy House has moved from a tuition-based revenue model to relying on grants and philanthropy to keep its course fees as low as possible as it moves away from its traditional seminary model to embrace its 21st century-focused mission of affordable continuing education for all our people, theological education for deacons, and lay leadership formation. Bloy House expects to receive a \$100,000 annual grant from Trinity Wall Street for its lay leadership program. Bloy House continues to provide Anglican studies courses for priesthood candidates with a non-Episcopal M.Div. degree.

The Church in the World

The most significant expense in the Church of the World ministerial classification is the Diocese's annual assessment by The Episcopal Church on its 2022 normal operating income, which includes (1) all congregational giving, (2) all unrestricted investment and endowment income, (3) restricted investment and endowment income which covers costs in the operating budget, and (4) other earnings from investments or enterprises. The 80th General Convention established the assessment for each year 2023 through 2024 at 15% applied to reported diocesan income for two years prior after deducting a \$200,000 exemption. Failure to make full payment or to receive a waiver would render the Diocese ineligible to receive TEC grants or loans.

Our 2024 assessment is budgeted at \$775,000. TEC canons I.4.6 (f) and (g), approved by General Convention 2015, mandate the full payment of diocesan assessments effective January 1, 2019, but permits an Executive Council to grant waivers from the total annual evaluations based on financial hardship or a stated plan for working toward full payment. In 2022, the Diocese requested that Executive Council waive the Diocese's assessment of its \$1,323,636 PPP loan forgiveness income, but this request was denied. Council agreed to allow the Diocese to pay the additional \$198,545

assessment on the PPP loan over three years beginning in 2023. This additional payment will increase the total assessment in 2024 and 2025 by \$66,182. This amount is included in the \$775,000.

The 2024 Church of the World budget for the bishop's office of \$1,013,025, is slightly greater than 2023 to provide additional funding to enable the Rev. Canon Susan Russell to take on the vital new portfolio of ministry to retired clergy and to the spouses and partners of bishops, deacons, and priests who have died. In 2024, the Diocese will pay eighty percent of the total compensation for this position. All Saints Pasadena will fund twenty percent of the compensation to maintain programs serving its congregation. An administrative support position formerly staffed in the bishop's office has been transferred to the department of finance. The bishop's office budget includes \$150,000 to fund a settlement agreement in connection with sexual predation by a now-dead priest that must be paid annually until 2030. The proposed 2024 Diocesan Convention budget of \$145,835 includes funding for a 1½ -day convention in Riverside.

Finally, the proposed 2024 Church of the World budget includes \$40,800 for the Program Group for Global Partnerships ministry, partially funded by a \$20,000 grant from the North Rift Fund. Anticipated spending for this Ministry includes \$2,000 for St. Peter's Senior Center in Birzeit, West Bank, \$3,000 for continuing a relationship with the Church of Pakistan, \$3,000 for support related to a school project in Conakry, Guinea, \$4,000 for a clean water project in Kenya and \$2,400 for constructing a library in India. The budget also provides \$20,700 for program group member travel to Mexico, Central America, Guinea, and Pakistan and to attend their national conference.

Missions and Congregational Development:

The proposed 2024 Missions and Congregational Development budget includes \$1,126,505 for Mission Development Grants (MDG) for 25 mission congregations. Individual allocation of grants to each mission congregation may change after the program group concludes its review of each mission budget.

New Community Ministries:

The 2024 New Community Ministries budget includes \$126,740 for eight New Community ministries.

The budget for The Gathering: A Space for Asian Pacific American Spirituality includes \$3,000 to provide opportunities for members of the AAPI community to "gather together to tell our stories, learn from one another, engage in initiatives for peace and social justice, and talk about spirituality in the APA context." Gathering team members are "culture bridge builders, adept in engaging with church leadership to expand cultural awareness of the Asian Pacific Americans" in diocesan communities and to explore ways to serve the AAPI community.

The Hispanic Ministry budget includes \$35,760 from an anticipated annual gift to support the development of lay and clergy leaders in the Latinx / Hispanic Communities of the Diocese. Through the Program Group, the Latinx /Hispanic lay leaders welcome and teach the whole Diocesan community. Through their formation efforts, they have implemented a "learning in community" model to equip Latinx leaders to serve in the Church. Clergy-serving Latinx / Hispanic congregations have created a community to support one another, share lessons learned and best practices, and be equipped with tools to enhance their ministries. During the year, this clergy attends a spiritual retreat to rest and restore, deepening their faith and spirituality.

The budget for leaders of Chinese-speaking congregations includes \$18,000 to serve three vibrant Chinese-language congregations. St. Gabriel's Church, established in 1983 as the Diocese's first Chinese-language, will receive \$2,500 from the Diocese to 1) keep the young adults running their online service on Sunday and 2) hire a Sunday School teacher to train and help their Sunday School volunteer teachers and musicians to enhance their worship service spirit. Church of Our Saviour has requested \$2,500 to develop a senior ministry program in two senior communities in East LA and Pasadena. St. Thomas, a multicultural congregation in Hacienda Heights, has requested \$2,500 to continue an outreach program to Chinese-speaking immigrant families in the neighboring communities through children's Sunday school, youth instrumental worship team, and other outreach events. Finally, the ministry proposes allocating \$2,500 for the Li Tim-Oi Center and continuing its lay leadership training course on Christianity in China.

The Korean ministries budget includes \$12,600 to support programming and ministry at several congregations, including ministry to the unhoused at St. James in the City.

The budget for ministry to people of African descent includes \$41,500 for numerous events all over the Diocese.

The Native America ministry budget includes \$1,650 to host numerous events, including 1) four culture training days for art, beading, music, and sewing; 2) one-day training on asset-based community development for Indigenous people; 3) sponsor a Bingo Booth for elders at a Griffith Park event for and celebrating Indigenous people; 4) a back-to-school ceremony and potluck with donated gift cards for Indigenous teens, and 5) a grandparents potluck luncheon .

The LGBT Ministry budget includes \$14,230 for numerous events to promote a theological foundation for wholeness in human relationships, to work to abolish prejudice and oppression based on orientation and identification, and to celebrate the gifts LGBTQ people offer to the Church and the world.

Stewardship and Care

The 2024 Stewardship and Care budget includes \$1,538,112 for human resources, administration and finance, and information and technology, compared to \$1,353,757 in 2023. The administration and finance budget includes \$82,835 for property and liability insurance, 25,000 for bank and payroll fees, and \$50,000 for audit fees.

Beginning in 2024, the finance department will provide more assistance to parishes with their annual Parochial Reports, including calculating revenue and expenses in compliance with The Episcopal Church's filing requirements. Personnel cost in administration and finance has increased by \$75,000 due to the internal transfer of support staff from the bishop's office. The cost of information technology has been reduced by contracting out the service and receiving remote assistance and monthly on-site support as needed.

As shown in Table 5, the total personnel cost in the Diocese for all full and part-time positions and ministries is \$5,235,000:

Table 5

2024 Total Diocesan Compensation for all Ministries									
Diocesan Personnel	Salary	Pension	SSN	Medical	Dental	Disability	Life Insurance	Salary Continuation	Total Pay
IRIS	1,232,270	110,107	94,268	218,844	30,424	5,823	2,808	7,920	\$ 1,702,465
Seeds of Hope	271,590	24,443	20,777	88,873	8,751	1,293	864	1,944	\$ 418,535
Prism	116,510	5,054	4,296	-	-	270	144	360	\$ 126,635
Commission on Schools	102,270	18,409	-	-	-	487	145	360	\$ 121,670
Bishop's Office	549,333	108,428	6,841	69,302	5,768	2,613	576	2,220	\$ 745,083
Convention Office	28,870	2,598	2,209	-	-	137	71	180	\$ 34,065
Mission Administration	87,240	7,852	6,674	11,688	992	415	144	540	\$ 115,545
Hispanic Ministry	6,855	1,234	524	-	-	33	144	70	\$ 8,860
Human Resources	87,240	7,852	6,674	11,688	994	415	137	540	\$ 115,540
Finance and Administration	420,410	47,600	23,862	46,752	6,958	2,007	720	2,700	\$ 551,010
Buildings and Grounds	215,580	19,402	16,492	29,030	2,786	1,026	720	1,524	\$ 286,560
Retreat Center	73,610	6,625	5,631	23,376	1,989	350	288	480	\$ 112,350
Formation and Ministry	191,870	34,536	-	35,926	3,781	913	288	1,200	\$ 268,515
Communications	181,555	19,246	11,419	30,272	2,985	861	432	1,200	\$ 247,970
Payroll Pass-Through	123,670	22,261	-	24,779	2,980	589	142	660	\$ 175,080
Capital Development	139,945	25,190	10,706	24,779	2,980	666	144	660	\$ 205,070
	3,828,817	460,837	210,372	615,308	71,389	17,900	7,767	22,558	\$ 5,235,000

The 2024 proposed budget includes a four percent cost of living increase for diocesan employees totaling \$125,000. Los Angeles's minimum living wage requirement for exempt employees is \$70,304 annually. In 2023, twenty-eight of our diocesan employees will make less than that.

In partnership with ten other large urban dioceses around the county, we are participating in an initiative to conduct a comprehensive salary survey of specialized professional and administrative positions commonly staffed in larger urban dioceses. The HR department budget includes \$100,000 reserved to implement compensation adjustments based on the findings of this survey. Most of the positions in this survey would be recruited on a regional or national labor market basis based on specialized knowledge, skill, and education associated with the work within The Episcopal Church.

Office of Formation and Transition Ministry

The 2024 Office of Formation and Transition Ministry budget is \$495,755 compared to \$659,145 in 2023. The larger amount for this year reflected Trinity Wall Street funding and spending for our CPE for laity program.

Providing guidance in times of transition is vital to the health and success of every community. The Office of Formation and Transition Ministry encompasses the areas of individual discernment and process for ordination, licensing of clergy, facilitating the transfer of clergy, assignments for clergy, and all parts of transition for missions and parishes needing new clergy leadership. The Office of Formation and Transition is now supporting 25 who are in discernment and formation for ordained ministry, including 12 postulants and five about to be ordained. Fifteen are expected to begin formal discernment in the next year or so. The office is also assisting about 50 congregations whose ordained leadership is in transition.

Advancement

The 2024 Advancement budget of \$658,632 includes \$255,070 for our new advancement office, which will organize a grant writing campaign; take over the One Body & One Spirit Annual Appeal, which gives dozens of grants a year to missions and parishes; organize the annual Bishop's Dinner; and plan the next phase of the capital campaign. During 2024, proceeds from the Bishop's Dinner are expected to fund the new department.

The remaining ministries in this classification (Communications and the Retreat Center) have maintained current programming from 2023.

Facilities and Grounds

The 2024 Facilities and Grounds budget is \$962,895 compared to \$1,006,557 in 2023. Personnel, utilities, and operating expenses to support St Paul's Commons, the episcopal residence, and other facilities will be maintained at their 2023 levels in 2024.

The St. Paul's Commons' physical plant is supported by extensive subsystems nearing their end of life that must be extensively repaired or replaced. While the Diocese has been drawing on funds from the building sinking fund to make emergency repairs to the HVAC systems, elevators, and the general maintenance of the building, the Diocese should be contributing annually to the sinking fund to offset the depreciated value of the building and reserving funds for the long-term sustainability of the building.

The Diocese contracted with Partner Energy to conduct an energy and water audit of the 43,983 square foot site to evaluate existing systems and to identify energy and water efficiency measures that will improve the efficiency of the buildings, as required by the Los Angeles Existing Buildings and Water Efficiency ordinance. All eligible buildings must complete an Energy and Water Audit & Retro-Commissioning (A/RCx) study every five years. For us, the most significant recommendations included:

- Replace corridor fixtures and utilize compact fluorescent lamps and LED lamps.
- Replace HVAC heat pumps original to the building with higher efficiency model.
- Install occupancy sensors throughout the building and the parking garage to reduce electricity usage.
- Upgrade domestic water heaters to condensing models with higher efficiency.
- Replace bathroom fixtures throughout the building with lower-flow alternatives.
- Install a solar photovoltaic system to offset energy usage.

As shown in Table 6, the cost to implement these recommendations, if done in 2024, is \$407,400, which could reduce the annual cost of electricity by \$37,049 and energy consumption by 172,244 kWh and water by 137,956 gallons per year.

Table 6
Energy and Water Conservation Measure Savings Summary

Energy and Water Conservation Measure Savings Summary													
Performance Specification	Annual Savings			Annual Site Energy Savings %	Annual Water Savings %	Annual GHG Emission Savings (Mt)	Annual Cost Savings			Install Cost (\$)	Payback Period	Incremental	
	Electricity (KWh)	Nature Gas (Therms)	Water (Gallons)				Electricity (KWh)	Nature Gas (Therms)	Water (Gallons)			Install Cost	Payback Period
EWCM 2 Install Occupancy Sensors	7,299			1.25%		2%	\$ 1,570			\$ 9,750	6.2		
EWCM 2 Install Occupancy Sensors (Garge	68,392			11.75%		16%	\$ 14,711			\$ 17,250	1.2		
EWCM 3 Place HVAC with High Efficiency Units	12,043			2.07%		2.8%	\$ 2,590			\$ 205,500	79.3	41100	15.9
EWCM 4 Install Condensing Water Heater		169		0.85%		0.09%		\$ 475		\$ 11,400	24		
EWCM 5 Install Low-flow plumbing fixtures		185	137,956	0.93%	40.53%	1%		\$ 518	\$ 2,389	\$ 13,500	4.6		
EWCM 6 Install Solar Photovoltaic System	84,510			14.52%		19.8%	\$ 18,178			\$ 150,000	8.3		
	172,244	354	137,956	31.37	40.53	42.2	37,049	\$ 993	\$ 2,389	407,400	11.0		

While the 2024 budget does not fully fund implementing all the proposed recommendations (pending additional review), it does contain \$200,000 from the sinking fund to pay for improvement or equipment replacement as needed in 2024. The sinking fund currently has a balance remaining of \$939,380.

Part III: 2024 Projected Income for Diocesan Ministries

As shown in Table 7, the 2024 proposed spending plan includes \$11,030,000 of income compared to \$11,628,673 in 2023:

Table 7

	2023 Consolidated		2023 Consolidated	2024 Consolidated
	May YTD Actual	Budget	Budget Projection	Budget Proposal
INCOME				
Mission Share Assessment	\$3,201,052	\$4,550,000	\$4,350,000	\$4,945,000
COTD Fund Income	\$200,200	\$520,000	\$475,000	\$667,500
Corp Sole Income	\$312,006	\$444,050	\$464,050	\$524,535
COTD Income	\$566,632	\$678,000	\$620,000	\$794,360
Contribution Income	\$234,218	\$438,350	\$360,950	\$171,095
Fundraising Income	\$350	\$4,500	\$350	\$1,500
Grant Income	\$111,426	\$605,000	\$130,500	\$94,260
Other Income	\$110,620	\$236,300	\$177,200	\$201,650
Programs-Specific Grants	\$2,242,856	\$3,972,473	\$3,653,372	\$3,630,099
New in 2023 Sources of Income	\$104,501	\$180,000	\$175,000	\$0
Total Income	\$7,083,862	\$11,628,673	\$10,406,422	\$11,030,000

Mission Share Assessment Income

The Diocese's largest source of income has been pledges (now to be called assessments) from our 128 mission and parish congregations located in five countries in southern California and the central coast. As shown in Table 8, as of August 2, 2023, there is \$985,575 of unpaid pledge income from across the ten deaneries in the Diocese.

Table 8

Mission Share Pledge Shortfall 2019-2023							
Deanery	Unpaid Pledge	Prior Year Unpaid	Unfulfilled Commitments by Year				
	2023	Aging Total	2022	2021	2020	2019	Total
1	43,434.71	\$9,080.02	-	3,399.05	5,680.97	-	52,515
2	13,730.26	34,080.06	1,983.42	9,238.93	17,659.79	5,197.92	47,810
3	19,422.44	260,016.75	101,845.05	126,043.61	29,128.09	3,000.00	279,439
4	44,315.17	80,644.63	53,384.52	15,260.11	12,000.00	-	124,960
5	60,178.14	162,701.91	102,331.19	55,898.06	4,472.66	-	222,880
6	17,645.73	118,414.03	19,126.46	40,281.49	29,927.80	29,078.28	136,060
7	10,162.58	11,567.90	11,567.90	-	-	-	21,730
8	5,936.02	46,512.63	11,350.95	14,334.12	8,994.24	11,833.32	52,449
9	280.51	8,384.22	8,384.22	-	-	-	8,665
10	14,299.53	24,767.96	-	24,767.96	-	-	39,067
Grand Total	\$229,405.09	756,170.11	\$309,973.71	\$289,223.33	\$107,863.55	\$49,109.52	\$ 985,575

In May 2023, each parish that was in arrears in fulfilling its commitment was asked to respond to three questions:

1. Is it possible to make a **payment this year** to bring your outstanding Mission Share Fund support current?
2. If a single payment is not possible today, can you **propose a payment plan** to keep your account current? If so, submit for diocesan review your proposed payment schedule that includes the monthly payments (to supplement their existing 2023 Mission Share Fund commitment or 2024 Mission Share Fund assessment) to bring their account current.
3. If the Parish believes it is **unable to make any payment** to bring your account current, to provide a written justification for the reasons or cause of current arrearages and steps the congregation will be taking to rectify such arrearages and to avoid future shortfalls through stewardship, fundraising, and expense reductions.

As shown in Table 9, in 2023, the diocesan average pledge by Deanery was 9.59% of *(Total)* Normal Operating Income (TNOI), well below the canonically required 12% minimum:

Table 9

2023 Parish and Mission Pledge		
<i>Deanery</i>	<i>Normal Operating Income</i>	<i>Pledge</i>
1	\$ 5,783,767.00	9.59%
2	\$ 3,040,547.00	9.24%
3	\$ 6,588,886.00	8.37%
4	\$ 4,416,720.00	10.53%
5	\$ 8,914,136.00	11.01%
6	\$ 2,090,169.00	6.78%
7	\$ 2,135,718.00	10.15%
8	\$ 4,062,400.00	9.4%
9	\$ 2,968,986.00	9.6%
10	\$ 4,606,797.00	11.2%
Total	\$ 44,608,126.00	9.59%

The 2024 Mission Share Budget assumes that every parish will pay at least 12% of their 2022 NOI, in keeping with last year's announcement by Diocesan leadership that, as is the case in most dioceses in The Episcopal Church, we would adopt a system of mandatory assessments effective January 1, 2024 (Every mission congregation already pays 10% of pledge and plate, plus an additional 5% for special savings accounts). The Diocese promised to implement an appeals process for parishes that struggled to reach 12%.

As shown in Table 10, the Diocese expects to collect \$4,945,000 of MSF income in 2024:

Table 10

2024 MISSION SHARE ASSESSMENT BUDGET	
MSF ASSESSMENT at 12% of Projected 2022 NOI (1)	\$ 5,072,000
Budget for Assessment Waiver Committee (2)	\$ (127,000)
NET MSF ASSESSMENT BUDGET	\$ 4,945,000
<small>(1) Projected NOI based on submitted 2022 Parochial Report or estimated based on reduced 2021 Parochial Report</small>	
<small>(2) 2.5 % of Estimated 2024 Assessment Income</small>	

The Diocese's ability to finish 2024 with a balanced budget depends on collecting this MSF income. A \$127,000 (2.5%) fund has been established for assessment waivers to be approved by Diocesan Council, on the recommendation of a special committee.

Withdrawals from Diocesan Trust Accounts

The 2024 COTD income from Diocesan Investment Trust funds is \$667,500 compared to \$520,000 in 2023. Some \$137,000 from the remaining proceeds of a Burbank property sale will be used to fund a settlement with the victim of a now-deceased predatory priest for which sufficient insurance coverage has not yet been identified. Another \$100,000 from the Baldwin Fund will enable some of the increase in lagging diocesan salaries; \$100,000 remaining in Bishop's Guild coffers will go to mission congregations; and \$35,000 from the Roddis Trust to partially fund the Center for Lay Chaplaincy. The Program Group on Global Partnership will receive \$20,000 from the North Rift Rehab Center bequest. The episcopal residence endowment will be tapped for \$40,000 for its maintenance needs. Continued capital fundraising as recommended by the new director of advancement will ensure continued access to such funding in the future.

Corp Sole Income

Our 2024 Corp Sole draw is \$524,535, compared to \$444,050 in 2023. Corp Sole will pay \$101,000 for property maintenance expenses, as well as \$75,000 from the Frank Seaver Trust to enable the diocesan Commission on Schools to have a full-time rather than part-time executive director. Some \$80,000 from the Levering More Trust will fund scholarships for seminary students and our grant to Bloy House. A \$268,535 allocation from the Smith Poor and Needy Endowment will also be allocated to mission congregations to supplement the sum allocated from the Mission Share Fund.

COTD Income

Total income from COTD in 2024 is \$794,360, compared to \$678,000 in 2023. The DIT will be allocated \$35,000 to fund their audit (reimbursed from fund administrative fees). We anticipate raising \$175,000 from at the Annual Bishops Dinner, to be used to fund the newly created position of the director of advancement. Finally, \$234,000 will be used from the Salary Continuation Fund, the Diocese's self-funded unemployment insurance program, to pay unemployment claims.

Contribution Income¹

Total contributed income in 2024 is \$171,095 compared to \$438,350 in 2023. In 2024, IRIS will reduce its administrative service contribution to \$75,000 compared to \$185,750 in 2023. The largest revenue source will come from fees paid by schools to offset the expense for the Commission on Schools.

Accounted for outside the Diocesan budget, the One Body & One Spirit Annual Appeal raised \$378,000 and made \$112,630 in grants to missions, parishes, and Diocesan ministries.

Grant Income

For 2023, as we prepared for the completion of our Trinity Wall Street grant for CPE for laity, we anticipated raising several grants to continue the work of the new Center for Lay Chaplaincy, setting an overly optimistic target of \$605,000. For 2024, we are lowering our grant income expectations to \$94,260, comprising a generous annual gift from the Rev. Dr. Barbara Stewart for Hispanic Ministry and grants to Neighborhood Youth Association. Once the advancement department is open, grant writing for diocesan programs will be a top priority.

Other Income

Other income in the 2024 proposed budget is \$201,650 compared to \$236,300 in 2023. Having assumed that busy ministers would also be able to raise money for their programs, going forward we will ask the advancement department to assist in obtaining program grants.

The remaining two income sources will help defray the cost of the 2024 clergy conference and Diocesan Convention (\$75,000) and rentals for the Retreat Center. As shown in Table 11, projects increased revenue:

Table 11

St. Paul's Commons Retreat Center			
2024 Program Income			
Event	Rate	Frequency	Projected Income
Weekly: One person	525.00	6	6,300.00
Monthly: One person	1,200.00	6	14,400.00
Family (3-4 people)	1,600.00	3	4,800.00
Retreat Overnight (Private Room)	1,940.00	5	9,700.00
Retreat Two (Nights Private Room)	3,880.00	6	23,280.00
Group Lodging One week (Private Rooms Pilgrimage to	3,900.00	2	7,800.00
Retreat Three Nights private rooms	5,820.00	6	34,920.00
Total			101,200.00

¹ Accounted for outside the Diocesan budget, the One Body & One Spirit Annual Appeal raised \$378,000 and made \$112,630 in grants to missions, parishes, and Diocesan ministries.

Programs-Specific Grants

The 2024 projected income for program-specific grants is \$3,630,100 compared to \$3,972,473 in 2023. As shown in Table 12, grant income for IRIS in 2024 is comparable to what it received in 2023:

Table 12

Interfaith Refugee & Immigration Service	
2024 Program Income	
EMM Reception & Placement	1,185,800
Preferred Communities (PC)	197,790
Refugee Entrance Allocation (REA)	262,070
Afghan Humanitarian Parolee (AHP)	475,055
Ukraine Humanitarian Parolee (UHP)	386,780
State of California	65,530
California Department of Social Services (CDSS)	277,400
California Dept of Social Services-(ESAVN)	115,250
General Grant Income	125,790
Cedars Sinai Grant Income	19,275
Total	\$3,110,745

As shown in Table 13, Seeds of Hope's grants and contract income is much less than in 2023 due to the loss of funding from City of Hope and Helena Health:

Table 13

Seeds of Hope	
2024 Program Income	
Program Income	
West Hollywood	75,890
Cal Fresh	395,000
Epiphany Garden (East LA Women's Center)	6,000
PICO Union Project	16,800
LA LGBT Senior Svcs	21,600
LINC Housing	7,200
Grant Income	
Unspecified	7,035
Total	529,525

JOINT BUDGET COMMITTEE CODA

This proposed balanced budget represents the work of many people, especially the Diocesan finance office, the treasurer of the Diocese, and the Joint Budget Committee which met five times in September and October. We began by listening to Bishop Taylor's priorities. As we worked, several issues became quite evident:

- First, to supplement revenue from our trust funds, we agreed with Bishop Taylor that the Diocese needs an advancement department for the wide variety of fundraising needs and opportunities described above.
- Second: we believe the shift to mandatory MSF assessments is a vital step that will enable our Diocese to grow in hope and faith and mission and ministry. We also recognize the challenges our missions and parishes face with their own finances and thank them for the immense efforts they are making to make this historic change possible.

We were all humbled and yet delighted to serve, and we thank God for providing us with the ability to accomplish a very difficult task.

SUMMARY INFORMATION OF 2023 BUDGET

The following summary provides additional Ministry and expenditure/income data for the 2023 Budget.

The table entitled FY 2023 Consolidated Detail Income & Expense Statement provides **income and expense detail** for current year-to-date spending (as of September 30, 2023) for the 2023 Budget, the Adopted 2023 Budget, projected income and spending for the 2023 Adopted Budget and the Proposed 2024 Budget.

ACKNOWLEDGMENT AND RECOGNITION

The proposed 2024 Consolidate Budget is the collective work product of the Joint Budget Committee convened by the Treasure of the Diocese, Canon Andy Tomat. Committee members Dr. Charlotte Borst and Artur Grigorian, and Mary Pierson representing the Corporation of the Diocese, Dave Moreno, the Rev. Patricia Stansfield, and the Rev. Tim Hartley, representing the Diocesan Council assisted by Controller Martha Macias.

PROPOSED DC BUDGET MOTION

Motion recommending that the 5,788,130 MSF portion of the consolidated 11,015,000 2024 diocesan budget be presented to convention for approval.