Getting from February 2024 to November 2025
A Look At Our Changing Budget Process

<u>Adjusting Our Budget Process</u>

When we made the decision to move our Diocesan Convention from February to November, we knew that there would be some changes in our budget process and timeline. In the past, as we prepared a budget for a February Convention, our preparation included three steps.

> **1) We Would Build A Draft** - Budget submissions would be solicited from staff and ministry leaders during the spring and early summer, so that our Treasurer, Director of Finance & Administration and Finance Committee could develop a first draft of the coming year's budget for consideration by the Executive Council in the early fall.
> **2) We Would Solicit Pledges** - With a draft budget in place, invitations were sent to the Vestries of our Diocese to solicit pledges in support of the coming year's budget. Typically, congregations were asked to make a pledge of 10% of their previous year's income, based on formulas that have been in place for years. As they were received, actual pledges would be incorporated into the draft budget, replacing estimated pledges.
> **3) We Would Adopt The Budget** - The draft budget was then adjusted, if necessary, and approved by the Executive Council before being distributed publicly to the Diocese, for adoption at the Annual Convention in February.

With the move of our Annual Convention to November, the sequence and timing of this pattern was adjusted. Now the pattern would be **1)** We Would Build A Draft, **2)** We Would Adopt The Budget, and **3)** We Would Solicit Pledges. A first draft of the budget would be built in largely the same way, although now this work would be done toward the goal of adoption by Convention in November, without having first solicited pledges. Instead, projected income was based on years of experience of the actual pledges offered by our congregations. With the adoption of the budget by Convention, delegates would return to their congregations ready to encourage their Vestries to make pledges in support of the budget, with the understanding that the Executive Council would manage any gaps between income and expenses during the course of the budget year.

Our 2025 Experience

This revised pattern was implemented for the first time as we prepared the 2025 budget. Our experience was not as smooth as we had hoped it would be! Following, are some of the details of what happened along the way.

1) Our Special Budget Convention in November 2024 failed. Planned as a simple Zoom meeting, in part to save the expense of an extra in-person gathering, a mistake was made that prevented us from allowing all members of Convention into the meeting. This prevented us from doing the teaching we had intended, relative to the implications of this new pattern of budgeting, it prevented us from generating support for the budget from the members of the Diocese, and it prevented Convention from being able to adopt the 2025 budget. Instead, the Executive Council was required to adopt the budget on behalf of the Diocese, much as some Vestries do on behalf of their congregation.

2) For most every year in recent history, our congregations have offered pledges in support of the work of the Diocese at the rate of about 9.5%. This is the level that was used in building the 2025 budget. However, pledges received by the end of February 2025 were at the level of 8.7%. This left us about $135,000 short of what we had hoped and reasonably expected to receive.

3) At its March retreat, the Executive Council reflected on this experience and decided on two clear courses of action

a) Our staff was asked to recommend changes to the budget that would allow us to reconcile the gap between income and expenses. We could not simply draw from reserve funds, as these had been committed in support of the Bishop Search and Transition process. Staff completed their work in time for the May meeting of the Executive Council, and the revised budget for 2025 was adopted.

b) A sub-committee of Executive Council was commissioned to review our apportionment patterns with an eye to any necessary or possible changes. They were also commissioned to explore ways of strengthening the mutual accountability of congregations with one another and with our life as a Diocese. Their work has been shared with Executive Council during the year and will be shared at Convention.

Our revised 2025 budget includes additional income from funds that had been temporarily restricted but were no longer needed and from funds that can be used at the discretion of the Executive Council. Expenses were reduced in several ways, including the following:

1) Several ministry gatherings were cancelled for 2025
2) Some ministries budgets were reduced
3) Automatic subsidies for ministry events that take place at Trinity Center were eliminated and replaced with bursaries and subsidies from other sources to ensure no one would be prevented from participation
4) Diocesan House budget lines were reduced or eliminated
5) An open staff position (Administrative Assistant - Office of the Bishop) was not immediately filled

Support was received from those most affected by these changes, generally speaking at least. Were we to need to engage in a similar exercise in the future, we would endeavor to communicate more proactively with those involved.

<u>What We Have Learned</u>
The following are amongst the things we have learned:

1) Our failed Zoom meeting in November 2024 had a serious and negative impact on the implementation of our new patterns
2) Recent changes to the Parochial Report as introduced by The Episcopal Church seem to have contributed to confusion in some congregations, confusion which may have led some to re-write the pledge formulas in ways not seen previously, and resulting in several significantly reduced congregational pledges
3) The complete turnover of clergy leadership during Bishop Skirving's tenure, and the annual turnover of lay leadership, seems to have contributed to a lack of understanding of pledging patterns adopted long ago
4) Inconsistent decision-making patterns exist amongst our congregations. In some cases, a pledge decision is made by the whole Vestry. In other cases a pledge decision is made by a much smaller number of people, and perhaps sometimes just by an individual.

As we move forward, this learning should help to shape our patterns and processes.

The Good News

As God's beloved children, and as followers of Jesus, we are called to look for signs of new life, and there are encouraging signs of new life in our current situation!

1) We have effectively managed a challenging financial situation in 2025 without drastically affecting our life and ministry in the long term.

2) We have proven that, even with some flaws and/or failures along the way, our revised budgeting process has succeeded.

3) We have learned that there is a need for better communication amongst our Diocesan House staff and ministry leaders in order that our efforts can be more fully aligned around our mission priorities.

4) We have recognized, once again, that not every congregation can give their full 10% "ask" every year, and yet the Diocese can still manage to embody God's call to be God's community.

5) We have prepared a 2026 Budget proposal for adoption by this Convention that comes with the confidence and support of the Executive Council.

6) Perhaps most deeply, we have been reminded that God fully provides for our needs even when our expectations may require a little adjustment!