

2021 Budget Narrative

The Operating Budget for the Diocese provides for the ministry of the Bishop, is used for the daily operations of the Diocesan Center, and allows the Diocesan staff to support and serve the congregations and ministries of the Diocese.

Income

The 2021 budget was based upon an assessment formula of 12.75%. This is a reduction from the last years' formula of 13%. The full assessment formula is explained on the attachment.

The reduction is a continuation of last year's reduction; an effort to move the Diocese towards a flat 10% assessment. In addition, the Finance Committee in consultation with Bishop Reed has taken into consideration the current environment and marketplace. It is expected that the long-term effects on church budgets and stewardship programs may be just beginning to be revealed and will continue into 2021. This year's reduction is an effort to provide some relief to congregations.

The projected income for Benefit Plan Fees does not reflect an increase in fees collected; but is reflective of an additional administration credit that will be received from the health care provider. This credit will be used towards the Benefit Administrators stipend.

The budget includes a higher than normal number for shrinkage to assist in accommodating congregations that may find themselves in distress.

Expenses

The 2021 expenses reflect the Diocese's efforts to reduce spending.

All expenses, with a few exceptions were either reduced or kept at 2020 levels. In most cases, where expenses were increased, the increase is reflecting actual 2020 expenses that experienced cost increases subsequent to last year's budget approval; and are not reflective of new expenses for 2021. All insurance costs (property and health) increased at least 15%.

Other expense items to note:

- **Missions:** World Mission was split from one to two line items: World Mission was reduced to \$2,000 for administrative costs, and the Centurion Program became a \$12,000 line item (\$1,000 per month). This reflects the Diocesan commitment to continue to provide Centurion Program funding to the Diocese of Northern Malawi and will supplement the funds provided by Diocesan congregations and individuals in the hopes to continue to provide the needed \$8,000 per month.
- **Diocesan Ministries:** A new line item was added to reflect both the Youth Ministry and the Young Adult Ministry.
- **Diocesan Ministries:** The Diocesan Conference/Workshop was increased in hopes of hosting a Diocesan Sanctity of Life Conference, addressing life issues from the cradle to the grave.
- **Community Ministries:** A new line item was added under Community Ministries to provide a quarterly donation to the Union Gospel Mission.