

2025 Budget for the Diocese of Newark

***Proposed
2025 Budget
for the
Diocese of Newark***



The Diocese of Newark
YESTERDAY, TODAY & FOREVER
SERVING NORTHERN NEW JERSEY SINCE 1874

2025 Council Budget—Executive Summary

Historically, the Council budget was approved each year at Convention. However, due to the timing of Convention in three of the past four

Once again this year, the budget will need to be approved by Council and not by Convention.

years, the budget was approved by Council instead. With this year's Convention in November, approval for the final budget will once again have to come from

Council after the start of the year. However, we are providing a preliminary budget so that Convention can get an idea of where we might end up.

We received no new budget funding requests this year, so the overall budget is quite similar to those that we've had in recent years.

Budget Highlights:

- We are currently projecting a **2024 surplus** of about \$140,000 due largely to an extraordinary pledge payment from one congregation. As we've done in recent years, we are going to recycle that surplus in 2025 to help fund our mission priorities.
- **Pledge income** is currently budgeted at \$1,836,000, which is about \$50k less than the amount budgeted in 2024
- **Investment Income** will drop a little this year due to lower interest income on our cash (lower rates and less cash). Investment income from the DIT is expected to be unchanged.
- **Rental income**, which has been declining since Victoria Foundation moved, will go to zero with the departure from 31 Mulberry St.
- We are keeping the 2025 budget at the same level. As we have done in recent years, if we exceed the fundraising goal, every additional dollar will be paid out in grants.

- Despite providing salary increases of 2%, we are seeing a drop in **compensation expense** due to staff changes. The most significant one is our expectation that the next controller will be a part-time position.
- We anticipate two new positions: a full-time Children, Youth and Young Adult minister and a half-time Hispanic Missioner to help fulfill the goals of the Strategic Plan.
- We added a line item for the School for Ministry, which was begun in 2023. To date, the costs (net of fees) have been paid directly from the BDF. In 2025, they will continue to be covered by the bishop, but will be reflected as a ministry in the budget with an offsetting contribution.
- Our **2025 pledge payment to The Episcopal Church** (TEC) will again be equal to 100% of the amount assessed by TEC. Our 2025 pledge will increase very slightly from \$352,789 to \$353,908, which is 13.8% of unrestricted income.
- Once again we will need to rely on some **Trustee Support** to balance the budget. For the most part, this contribution replaces our previous rental income.

We hope to end 2025 with income essentially equal to total expenses.

While Convention is responsible for the operating budget of the diocese, it is important that Convention also be informed of the other financial assets of the diocese and how they interact with each other.

Therefore, following is an overview outlining the 2025 Operating Budget, with details on a line-by-line basis, plus additional information about the other financial assets of the diocese.

DIOCESE OF NEWARK

Proposed 2025 Budget

Description	Proposed 2025 Budget	Budget 2024	Projected 2024	% Chg from 2024 budget	2025 Budget Assumptions
<u>Income</u>					
<u>Unrestricted Income</u>					
1 Pledge Revenue	\$1,836,000	\$1,886,700	\$1,932,194	-2.7%	
2 Investment Income	\$310,091	327,513	317,175	-5.3%	DIT distribution on Council-benefit assets
3 Investment Administration Fee	\$206,000	180,000	217,000	14.4%	25 basis points fee on most DIT assets
4 Rental Income-Episcopal House	\$0	23,950	41,900	-100.0%	
5 BDF/Bishop's Circle funds	\$201,200	137,000	137,000	46.9%	
6 Diocesan Surplus	\$140,000	85,188	85,188	64.3%	
Total Unrestricted Income	\$2,693,291	\$2,640,351	\$2,730,457	2.0%	
<u>Restricted Income</u>					
7 Alleluia Fund	\$80,000	80,000	85,827	0.0%	Funds a portion of line 35
8 Direct Administration Fees	\$268,450	257,604	257,598	4.2%	Reimbursements of Council staff expense
9 Trustees support to Council	\$66,500	100,000	100,000	-33.5%	
Total Restricted Income	\$414,950	\$437,604	\$443,425	-5.2%	
Total Income	\$3,108,241	\$3,077,955	\$3,173,882	1.0%	
<u>Expenses</u>					
<u>Compensation</u>					
10 Salaries	\$1,368,726	1,377,521	1,361,485	-0.6%	2% salary increases
11 Pension	\$197,029	190,573	187,511	3.4%	
12 Medical/Dental	\$323,124	288,708	274,178	11.9%	
13 SECA/FICA	\$109,363	106,771	104,853	2.4%	
14 Life/Disability/WC/SUI	\$33,015	35,017	31,792	-5.7%	
15 Post-Retirement medical Insurance	\$37,170	38,630	34,767	-3.8%	Lower rate, but add'l participants
Total Compensation	\$2,068,427	\$2,037,220	\$1,994,586	1.5%	
<u>Governance</u>					
16 Diocesan Convention	\$20,850	21,600	21,617	-3.5%	
17 General Convention 2027	\$20,000	10,000	10,000	100.0%	Estimate of 2027 costs (over three years)
18 Province II	\$5,708	5,797	5,797	-1.5%	
19 Strategic Plan Consultant	\$23,000	47,000	47,000	-51.1%	The consultant contract terminates in June.
Total Governance	\$69,558	\$84,397	\$84,414	-17.6%	
<u>Ministries</u>					
20 Youth & Young Adult Ministry	\$20,000	15,000	6,735	33.3%	
21 Cross Roads Camp	\$10,000	10,000	10,000	0.0%	
22 Clergy Conference	\$20,000	20,000	19,097	0.0%	
23 Commission on Ministry	\$3,950	3,000	1,473	31.7%	
24 School for Ministry	\$10,200				
25 Hispanic/Latino Ministry	\$2,500	2,500	0	0.0%	
26 Education for Ministry	\$1,750	1,750	1,750	0.0%	
27 Anti-Sexism Task Force	\$200	100	195	100.0%	
28 Anti-Racism Commission	\$750	750	402	0.0%	Have \$3k in reserve
29 Racial Justice/History Commissions	\$4,000	2,500	1,939	60.0%	To cover some pilgrimage costs
30 Liturgy & Music	\$6,275	6,475	5,066	-3.1%	
31 Ecumenical & Interfaith Officer	\$3,000	2,925	2,811	2.6%	
32 Prison Ministry	\$500	500	448	0.0%	Has a significant reserve
33 Deacons	\$500	500	500	0.0%	Have \$4k in reserve
Total Ministries	\$83,625	\$66,000	\$50,416	26.7%	
<u>Outreach</u>					
34 Pledge to The Episcopal Church (TEC)	\$353,908	352,789	352,789	0.3%	Equals TEC "ask" for 2025 (15% of adj inc.)
35 Outreach Grants	\$150,000	150,000	155,827	0.0%	
Total Outreach	\$503,908	\$502,789	\$508,616	0.2%	
<u>Oversight/Admin</u>					
36 Communications	\$15,300	15,260	8,900	0.3%	
37 Fund Development	\$22,200	25,000	22,021	-11.2%	
38 Congregation/Clergy/Min. Development	\$12,585	11,945	13,394	5.4%	
39 Administration	\$49,702	48,000	52,537	3.5%	
40 Finance (audit/Insurance)	\$106,218	100,754	103,382	5.4%	
41 Buildings & Grounds	\$84,500	102,500	108,292	-17.6%	We expect lower costs in the new bldg
42 Information Technology	\$41,324	39,504	38,007	4.6%	
43 Bishop's Expenses	\$50,404	44,500	48,376	13.3%	This was under-budgeted in 2024
Total Oversight/Admin	\$382,233	\$387,463	\$394,909	-1.3%	
Total Expense	\$3,107,751	\$3,077,869	\$3,032,941	1.0%	
Surplus / (Deficit)	\$490	\$86	\$140,942		

2025 Council Budget—Line Item Details

The following pages provide line-by-line details of the proposed 2025 operating budget for the Diocese of Newark.

INCOME

- Pledge Revenue.** The pledge revenue budget normally represents an estimate of what is expected to be collected in pledge income, including reconciliation payments from prior year pledges. While we are still awaiting quite a few pledges, we believe that an appropriate estimate would be \$,836,000—a drop of about \$50k from the 2024 budget and about \$100k less than the projected tally for 2024, which included an extraordinary payment of \$70,000 from a congregation that was the beneficiary of a significant, unrestricted bequest.
- Investment Income.** The estimated income from investments is principally based on a spending rule of 4.25% applied to the average market value of investments over the preceding 12 quarter-ends. The funds are invested through the Diocesan Investment Trust in its Growth Fund, which has a target asset allocation of 75% equities, and 25% fixed income securities. The amount of income includes approximately \$70k from the Trustees' discretionary income provided to support this operating budget. Refer to Exhibit 1 for further details. In addition to income from endowments in the DIT, this line also includes interest earned on our cash balances and credit card rebates.
- Investment Administration Fee.** Since approved in 2010, an investment administration fee is charged by the diocese for funds invested in the DIT. This fee applies to substantially all funds and is calculated at .0625% (6.25 basis points) of the market value of the fund on a quarterly basis (0.25%, or 25 basis points per year). It compensates Council for staff time spent managing the relationship with TIAA Trust Company and providing support to investors, as well as providing access to institutional investment expertise and negotiating management fees that would not be otherwise available to small investors. The total of (a) this administration fee as well as (b) the TIAA management fee is only 0.45% (45 basis points), which is far less than a church would normally pay for professional management.
- Rental Income—Episcopal House.** In 2024, we have been renting space to Sadie Nash (ground floor) and to All the Way Up (fifth floor). With the move to Livingston, this income stream will come to an end.
- Bishop's Discretionary Fund.** Since 2011, the bishop has been voluntarily allocating a portion of income from his/her discretionary funds to the Council to cover certain expenses that were paid directly from the BDF up until that point. In 2024, the bishop increased her contribution to cover the cost of the strategic plan consultant, which will extend into the first half of 2025. For 2025, she is also allocating \$78,000 from Bishop's Circle funds to cover the cost of the Hispanic Missioner.
- Diocesan Surplus.** Council generated a large surplus in 2024 due largely to i) that extraordinary pledge payment, ii) much higher than anticipated fee income from the DIT and iii) lower compensation costs than anticipated. In 2025 we will recycle these unused funds to support our ministries.
- Trustees Support to Council.** In 2024, the Trustees contributed \$100,000 in order to help balance the budget. We are requesting \$66,500 this year. To a large extent, this contribution offsets the loss of rent at Episcopal House.
- Alleluia Fund.** The Alleluia Fund for Outreach was created to give individuals and congregations an opportunity to participate with others across our diocese to make a significant and important

2025 Council Budget—Line Item Details

difference in the lives of many. Budgeted income in 2025 of \$80,000 will provide 53% of the outreach grants that are reflected in line 30; the \$70,000 balance of outreach will be funded out of pledge revenues.

9. **Direct Administration Fees.** The diocesan staff performs property management, accounting and other services for the trustees and a number of diocesan entities for which there is a direct administrative charge. The amounts are based on the proportion of time that staff spends performing such services for each entity. See Exhibit 2.

EXPENSES

Compensation (lines 10-14)

Staff expenses constitute the largest share of the expenses of the diocese, accounting for 64% of total expenses in the 2025 budget. The 2025 budget assumes 13.5 full-time-equivalent employees, down slightly from 13.75 in 2024. In order to offset the impact of inflation, the budget proposes a 2% increase in salaries. The staff contributes 10% to the cost of their medical insurance through payroll deductions.

15. **Post-Retirement Insurance.** The diocese provides supplemental health insurance in the form of a Medicare Advantage plan for eligible retired lay employees. The expense is based on the estimated cash outlays the diocese will incur during the year. Due to a 36% increase in the price of the “Premium” plan, we have decided to only cover the cost of the “Comprehensive” plan, which is modestly less generous.
16. **Diocesan Convention.** The cost of the annual diocesan convention is substantially offset by registration fees and fees paid by vendors, resulting in a budgeted net expense of \$21,600 for the 2024 convention. The 2025 convention will not be overnight, but in the absence of concrete plans, we will assume that it may result in a similar net cost.
17. **General Convention 2027.** General Convention is held every three years and the estimated cost is accrued over a three-year period. We normally accrue one-third of the anticipated cost each year. Our accrual was lower in 2024 because we had sufficient funds already accrued to cover much of the cost.
18. **Province II.** This diocese pays a share of the operating expenses of our province using the same income figure used by TEC.
19. **Strategic Plan Consultant** In order to assist with the implementation of the strategic plan that was adopted in 2023, we have engaged the services of a consultant through June 2025. As noted above, this expense is offset by a contribution from the Bishop’s Discretionary Fund.
20. **Youth & Young Adult Ministry.** Expenses here include the cost of retreats and conferences for youth and young adults, including subsidies and scholarships for those who require such assistance. The cost of a new minister to lead the program is included this year in Compensation.
21. **Cross Roads Camp.** Our contribution to the camp that we share with the Lutherans was previously included in the Youth/Young Adult budget, but is being broken out this year. Roughly half of this expense is covered by an endowment fund.
22. **Clergy Conference.** Annual grants, a contribution from the Bishop’s Discretionary Fund, and fees charged to participants pay much of the cost of the annual fall clergy conference and Lenten clergy retreat. This line item reflects the expense of the conference net of those income sources.

2025 Council Budget—Line Item Details

23. **Commission on Ministry.** Expenses include the administrative costs of the commission and its subcommittees.
24. **School for Ministry.** The School for Ministry was created in 2023 to help form and support members of the diocese for the Diaconate or licensed lay ministry. The cost of this program is currently offset by a contribution from the BDF.
25. **Hispanic/Latino Ministry.** Provides information and resources through workshops and presentations to congregations that are actively engaged in or seeking to become engaged in Hispanic/Latino ministry.
26. **Education for Ministry.** This line item funds the annual fee for diocesan participation in the EfM program. The cost is offset by income from the Education Trust Fund.
27. **Anti-Sexism Task Force.** Provides anti-sexism training and related education for clergy, postulants, and elected and appointed diocesan lay leaders and congregations. These funds subsidize the cost of these training events.
28. **Anti-Racism Commission.** Provides anti-racism training and related education for clergy, postulants, and elected and appointed diocesan lay leaders and congregations. These funds subsidize the cost of these training events.
29. **Racial Justice/History Commissions.** The bishop has convened three committees to examine the diocese's racial history and make recommendations. These funds are available to cover their expenses. In 2025, we are increasing the budget to cover a subsidy to the Pilgrimage to the South.
30. **Liturgy & Music.** Designs and provides liturgies for diocesan services (Diocesan Convention, confirmations, and ordinations) and provides liturgical resources for congregations throughout the year.
31. **Ecumenical and Interfaith Officer.** Represents the Bishop and the diocese in ecumenical and interreligious relationships and dialogue. Expenses include funding for ecumenical guests at Diocesan Convention as well as participation in a national conference.
32. **Prison Ministry.** This program is almost entirely self-funded, but the diocesan budget contributes a little to this commission whose ministry is to children whose parents are incarcerated and to adult inmates of Northern State Prison. Summer camperships, Saturday mentoring, and subsidized transportation to visit parents are important programs for the children; Bible Study and Prison Pen Pals are ministries with adults.
33. **Deacons.** Provides training and support to deacons of the diocese, including the cost for participation at the Directors/Archdeacon Conference and the annual National Association of Diaconate Directors conference. Additional funding is available from prior-year reserves.
34. **The Episcopal Church Pledge.** Our 2025 pledge to The Episcopal Church (TEC) of \$353,908 represents 100% of the amount that TEC has assessed the diocese for the year. It was calculated based upon 15% of unrestricted 2023 revenues, after a deductible.
35. **Outreach Grants.** Our commitment to funding outreach as part of our operating budget includes grants to domestic and international entities. The 2025 budget of \$150,000 for outreach grants will be increased or reduced by the same amount that Alleluia Fund income differs from its budget.

2025 Council Budget—Line Item Details

36. **Communications.** Includes costs for ongoing development and support of the diocesan website. It also includes the costs associated with *The VOICE Online*, *Leadership News*, and other diocesan communications.
37. **Fund Development.** This line includes the program costs of our development and stewardship efforts other than compensation; and the annual fee for membership in The Episcopal Network for Stewardship (TENS).
38. **Congregation/Clergy/Ministry Development.** These are expenses of the offices of the Canon to the Ordinary and Canon for Congregational Life that provide consultants and training resources to congregations and clergy during periods of ministry transition. In addition, this budget item provides resources for congregations needing assistance with conflict resolution, congregational growth and development, lay and clergy leadership development, shared ministry initiatives, and mutual ministry reviews.
39. **Administration.** The cost of office equipment leases and maintenance, supplies, postage, meals for committee and other meetings, and other related costs are included here.
40. **Finance.** The cost of property and liability insurance, annual audits and other related costs are included in this line item.
41. **Buildings and Grounds.** Utilities, maintenance, and other costs for Episcopal House.
42. **Information Technology.** The cost of technology at Episcopal House, including equipment, software, network service, and a consultant to oversee the infrastructure and I.T. architecture.
43. **Bishop's Expenses.** In accordance with the letter of agreement with the Bishop, this includes travel and entertainment costs of the Bishop; utilities, maintenance, and other costs for the Bishop's residence; and office supplies and other costs for the office of the Bishop.

**Diocese of Newark
Budget 2025**

Exhibit 1: Investment Income

The 4.25% income distribution from the \$36M of endowment funds held by the trustees for either discretionary purposes or the benefit of Council and diocesan programs (see Exhibit 8) generates approximately \$1.3M annually. Of that amount, only about 22% is available to support the Council budget. The balance funds important non-budget programs such as Ward Herbert and ACTS/VIM grants, Jersey City Ministries and other trustee priorities. Below is a detail of the income distributions available to the Council budget.

Description	Budget 2025	Budget 2024	Actual 2023
Trustee Discretionary Funds			
Amalgamated Fund	\$ 44,880	\$ 44,880	\$ 44,000
Barber's Trust -- Council Allocation --see note (a)	28,350	26,457	25,938
<i>Total Income from Trustee Discretionary Funds</i>	<u>\$ 73,230</u>	<u>\$ 71,337</u>	<u>\$ 69,938</u>
DIT Funds Held by Trustees for benefit of Council			
Diocesan Permanent Endowment	\$ 121,476	\$ 129,259	\$ 114,210
Outreach Endowment	42,700	42,468	41,635
Bishop Lines Memorial Endowment	41,600	41,320	40,510
Diocesan House Endowment	5,900	5,906	5,790
West Trust (20% Council, 80% St. George's Maplewood)	309	307	301
Spong/Barber's Youth Funds	4,625	4,596	4,506
<i>Total Income from Funds held fbo Council</i>	<u>\$ 216,610</u>	<u>\$ 223,856</u>	<u>\$ 206,952</u>
Other Investment Income			
Cross Roads Camp endowment	5,051	5,020	4,922
Bank Interest (net of fees) and credit card rebates	14,000	26,100	21,830
Panther Valley Donation	1,200	1,200	1,200
<i>Total other investment income</i>	<u>\$ 20,251</u>	<u>\$ 32,320</u>	<u>\$ 27,952</u>
<i>Total Funding</i>	<u>\$ 310,091</u>	<u>\$ 327,513</u>	<u>\$ 304,842</u>

(a) By longstanding Trustee policy, income from the Barber's Trust is divided as follows: 48% to the Cathedral, 28% to Council and 24% to BDF. The amounts above are Council's share.

Exhibit 2: Direct Administration Fees

<u>Entity</u>	<u>Charge</u>
Trustees	\$ 221,650
ACTS/VIM Fund	8,600
Ward J. Herbert Fund	9,170
Bishop's Church Emergency Fund	8,050
Episcopal Capital Loan Fund	8,000
Gertrude Butts Fund	5,700
Other	7,280
Total:	<u>\$ 268,450</u>

**Diocese of Newark
Budget 2025**

Exhibit 3: Funds for Outreach, Congregational Support, and Scholarships

Description	Budget 2025	Budget 2024	Actual 2023
Outreach			
The Episcopal Church Pledge (a)	\$ 353,908	\$ 352,789	\$ 370,763
Outreach (Domestic and international grants) (a)	150,000	150,000	170,315
<i>Total Outreach</i>	<u>503,908</u>	<u>502,789</u>	<u>541,078</u>
Congregational Support: Buildings and Mission			
Ward J. Herbert	289,000	371,800	230,626
Bishop's Church Emergency Fund	32,400	32,400	30,080
<i>Total Support--Buildings</i>	<u>321,400</u>	<u>404,200</u>	<u>260,706</u>
ACTS/VIM	252,000	364,000	150,500
Marge Christie Congregational Growth & Vitality	71,600	118,000	22,750
<i>Total Support--Programs and mission</i>	<u>323,600</u>	<u>482,000</u>	<u>173,250</u>
<i>Total Congregational Support</i>	<u>645,000</u>	<u>886,200</u>	<u>433,956</u>
Scholarships			
Gertrude Butts (Diocesan youth)	185,000	191,500	182,000
George Rath (Clergy children)	32,000	32,000	32,000
<i>Total Scholarships</i>	<u>217,000</u>	<u>223,500</u>	<u>214,000</u>
Clergy Support			
Fund for the Aged & Infirmed	56,000	81,000	40,000
Gladys Duffy Fund	3,900	3,900	2,900
<i>Total Clergy Support</i>	<u>59,900</u>	<u>84,900</u>	<u>42,900</u>
 <i>Total Funding</i>	 <u><u>\$ 1,425,808</u></u>	 <u><u>\$ 1,697,389</u></u>	 <u><u>\$ 1,231,934</u></u>

(a) The Episcopal Church Pledge and Outreach are components of the operating budget. All other items represent funds provided by investments and endowments and are not part of the operating budget.

**Diocese of Newark
Financial History**

	Budget 2025	Projected 2024	Actual 2023	Actual 2022	Actual 2021	Actual 2020	Actual 2019	Actual 2018
INCOME								
Unrestricted Income								
Pledge Revenue	\$ 1,836,000	\$ 1,932,194	\$ 1,896,130	\$ 1,886,753	\$ 1,786,288	\$ 1,929,990	\$ 2,100,217	\$ 2,064,973
Investments & rental income	310,091	359,075	359,849	329,232	417,931	384,500	385,972	357,199
Trustees support to Council				-	8,100	188,500	122,000	113,000
Other Income	675,650	611,598	525,919	498,443	341,193	340,051	140,300	144,123
PPP grant					275,000			
Restricted Income								
Alleluia Fund	80,000	85,827	100,315	90,420	85,217	68,973	95,131	125,876
New Ministry Initiatives	-	-	-	-	-	-	18,371	107,510
Total Income	2,901,741	2,988,694	2,882,213	2,804,848	2,913,729	2,912,014	2,861,991	2,912,681
EXPENSES								
Compensation								
Salaries	1,368,726	1,361,485	1,342,086	1,279,681	1,258,471	1,274,162	1,046,155	1,118,858
Benefits	699,701	633,101	639,649	622,064	622,872	743,036	651,968	637,697
Total Compensation	2,068,427	1,994,586	1,981,735	1,901,745	1,881,343	2,017,198	1,698,123	1,756,555
Governance								
Joining God in Shaping Our Future	-	-	-	-	-	-	14,041	76,847
Other	69,558	84,414	29,773	40,563	51,528	39,128	32,160	25,385
	69,558	84,414	29,773	40,563	51,528	39,128	46,201	102,232
Ministries	83,625	50,416	48,341	27,414	26,568	42,522	50,846	51,754
Outreach								
Pledge to The Episcopal Church	353,908	352,789	370,763	381,285	382,780	377,296	370,621	361,108
Outreach	150,000	155,827	170,315	160,420	155,217	145,000	195,876	180,000
Total Outreach	503,908	508,616	541,078	541,705	537,997	522,296	566,497	541,108
Mission Oversight/Administration								
	382,233	394,909	376,825	358,746	332,285	394,370	451,640	457,845
Total Expense	3,107,751	3,032,941	2,977,752	2,870,173	2,829,721	3,015,514	2,813,307	2,909,494
NET INCOME	\$ (206,010)	\$ (44,247)	\$ (95,539)	\$ (65,325)	\$ 84,008	\$ (103,500)	\$ 48,684	\$ 3,187
Recycled surplus from prior year(s)	140,000	85,188	132,000	100,000	-	100,000	75,000	85,000
Extra Trustee support to Council	66,500	100,000	50,000	-				
Reported Net Income	\$ 490	\$ 140,941	\$ 86,461	\$ 34,675	\$ 84,008	\$ (3,500)	\$ 123,684	\$ 88,187