

Narrative Budget 2024

A New Budget Format to Support Mission and Ministry

As our congregations contend with the effects of climate change, persistent inequality, new patterns of worship and Rhode Island's shifting demographic patterns, the Diocese of Rhode Island is committed to supporting mission and ministry that responds to the needs of God's people. This new budget narrative is designed to increase clarity about the way we spend our resources for ministry and support our leaders in making informed financial decisions. It accompanies a reformatted diocesan budget that was created at the direction of the Commission on Finance.

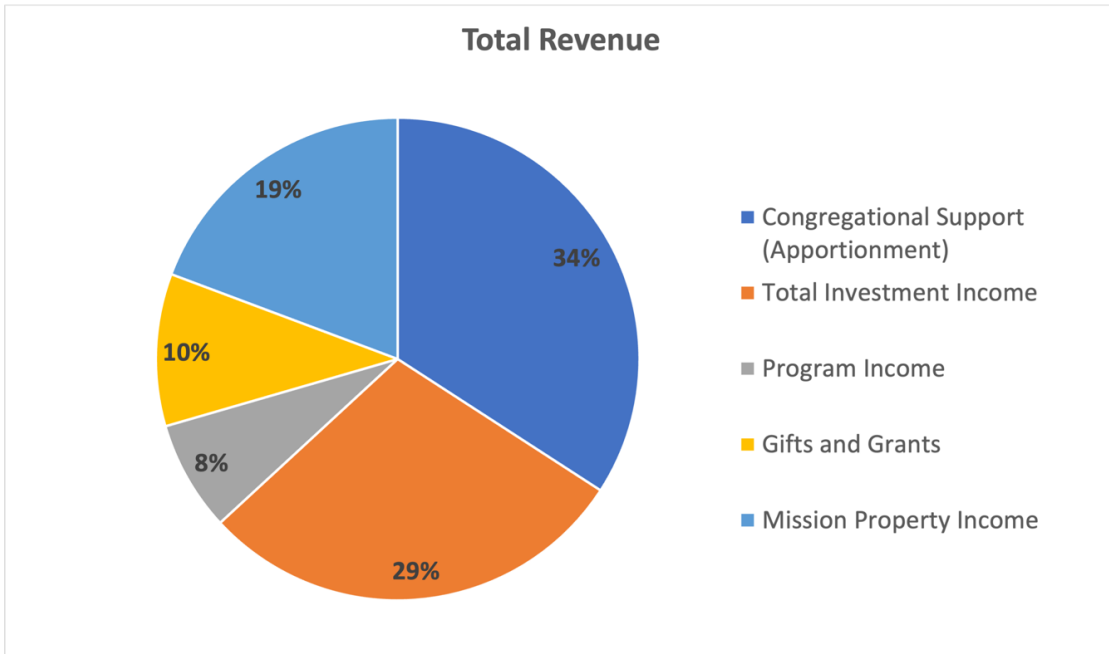
Here in the Diocese of Rhode Island, we are blessed with resources from both diocesan funds and congregational apportionments that make it possible for us to invest in:

- Life-saving, life-changing diocesan ministries, including a vibrant camp and conference center; college and young adult ministry; Hispanic ministry; responses to climate change; and ministry to unhoused people.
- A staff that supports congregations with leadership development and coaching for lay leaders, deacons and priests; transition ministry; and sustainable and modern business models.
- Grants and loans that help congregations explore new ministries and maintain buildings.
- The Cathedral block, which is home to community partners addressing some of our state's most pressing issues.
- The churchwide and global ministries of the wider Episcopal Church and Anglican Communion.

In the pages that follow, you will find an overview of both our revenue and expenses, presented for the first time with streamlined revenue and expense categories so that you can more readily see the ways in which we invest in these missional priorities and how they have changed over the last decade.

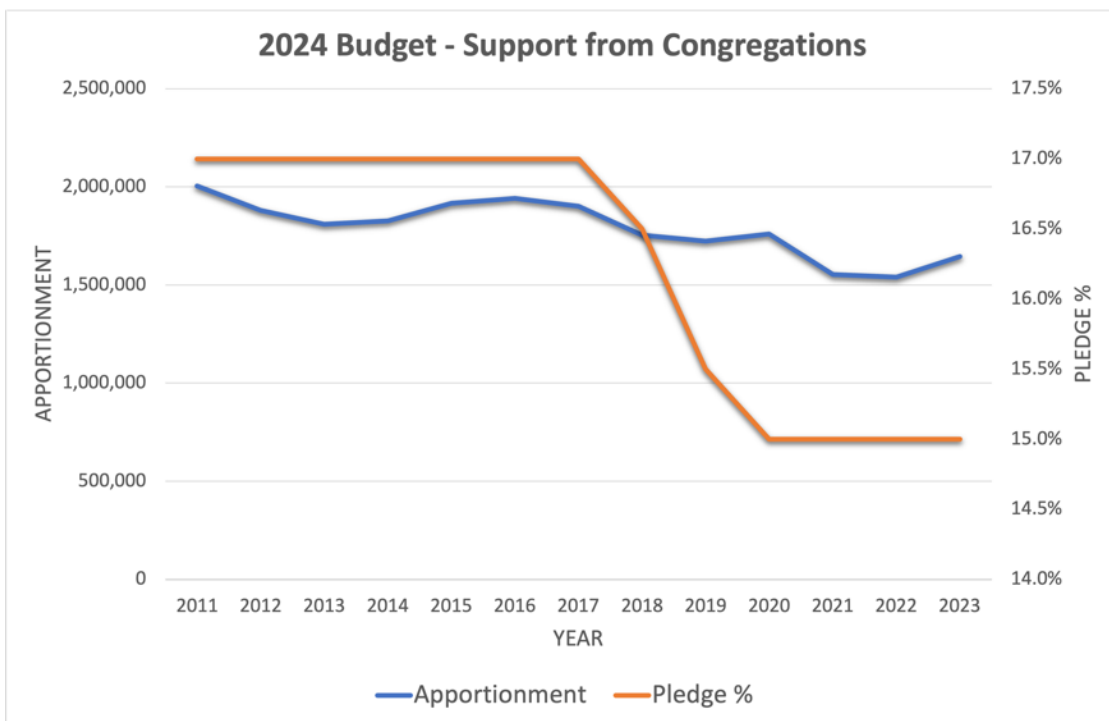
Chief Financial Officer Ed Biddle and his team will continue to prepare complete monthly and annual financials by individual account number. A detailed annual budget that includes each account line is available by request to [Chief Financial Officer Ed Biddle](#).

Revenue



The income that supports the Diocese of Rhode Island is generated by five sources: congregational support (apportionment); investment income; program income; gifts and grants; and mission property income (generally rents). Over the last decade, congregational apportionments have gradually declined while investment income has increased.

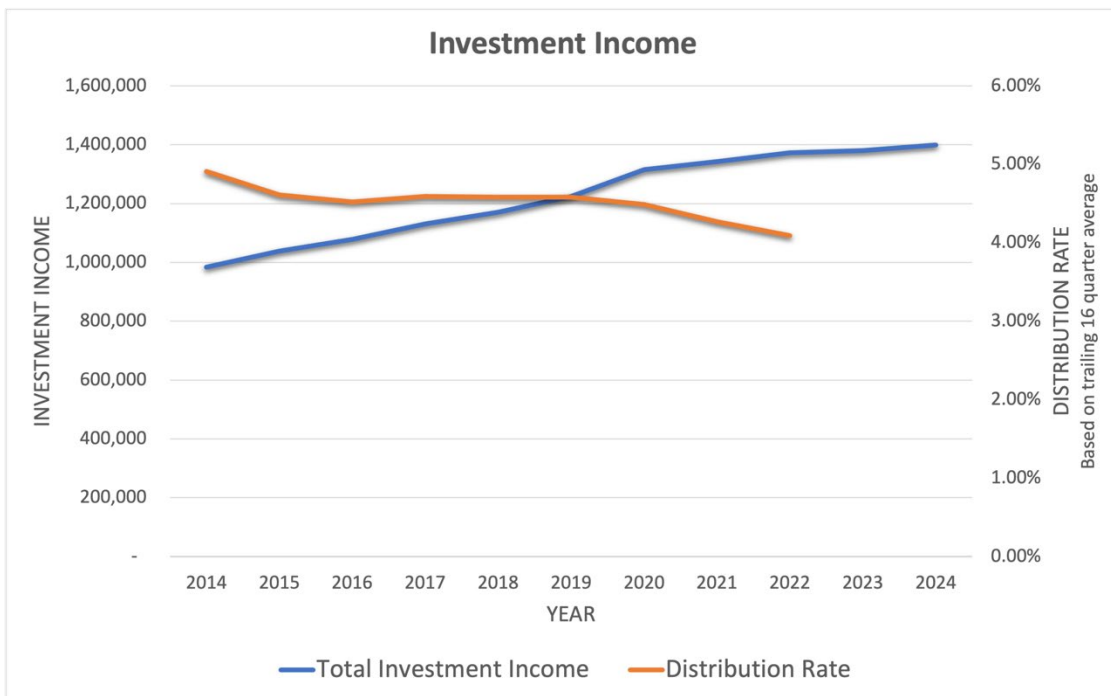
Congregational Support



Over the last ten years, diocesan convention has gradually reduced the rate at which congregations contribute to the diocese, from 17% of operating income in 2016 to 15% in 2020. As a result, the revenue contributed by congregations to support the diocese has gradually declined.

From 2014 to 2018, congregations contributed about 47% of the diocese’s operating budget, peaking in 2016 at \$1.94 million. Since then, congregational apportionments account for about 39% of the budget, generally between \$1.5 and \$1.7 million per year. In 2024, we are budgeting for \$1.65 million in congregational apportionment revenue, which will represent about 34% of the operating budget’s revenue. Apportionment is expected to stay about the same or decrease in future years in response to tighter congregational budgets.

Investment Income



The diocese’s investments include both endowment funds donated to the diocese for its ongoing support and other funds and savings. Long-term investments are part of the Diocesan Investment Trust (DIT) and are overseen by the Commission on Investments (CoI). The DIT also includes investments of some churches and not-for-profit organizations in the State of Rhode Island.

Quarterly distributions from the DIT are set by the CoI and have averaged between 4% and 5% of a sixteen-quarter rolling average in recent years. Investors with funds in the DIT are not limited to quarterly distributions and can draw from their investments at their own discretion. For 2024, the quarterly distribution will be 63 cents per share, or about 4.1% of the sixteen- quarter rolling average.

The diocese’s investment income has grown every year since 2014, when it represented about 25% of the operating budget’s revenue. In 2024, we are budgeting for investment income to be \$1.4 million, or 28.4% of the operating budget.

Program Income

This line in the income budget mostly comes from tuition paid by families whose children attend camp at the diocese's Episcopal Conference Center (ECC) summer programs, and from programs hosted at ECC during the rest of the year. This revenue helps to offset the expenses of maintaining ECC. As in many other dioceses, the camp's expenses are only partially covered by tuition; the rest are covered with other diocesan funds allocated to supporting camp ministry.

Program revenue reached a high point of about \$375,000 in 2019 but has recently been less stable due to the pandemic and its effect on camp programs. In 2024, we anticipate that camp revenue will continue to rebound, and other revenue in the offseason will continue. We have budgeted \$356,596 in that budget line for 2024.

Gifts and Grants

Gifts and Grants include funds contributed to Episcopal Charities and gifts to other diocesan ministries, including ECC and Church Beyond the Walls. This line item reached a high of approximately \$617,000 in 2015; in 2024, we have budgeted \$484,240. Gifts made to Episcopal Charities are donated to charitable organizations, including charities sponsored by our churches and diocesan ministries. These generally pass through the diocesan budget in the year they are given unless a donor establishes an income-generating fund.

Mission Property Income

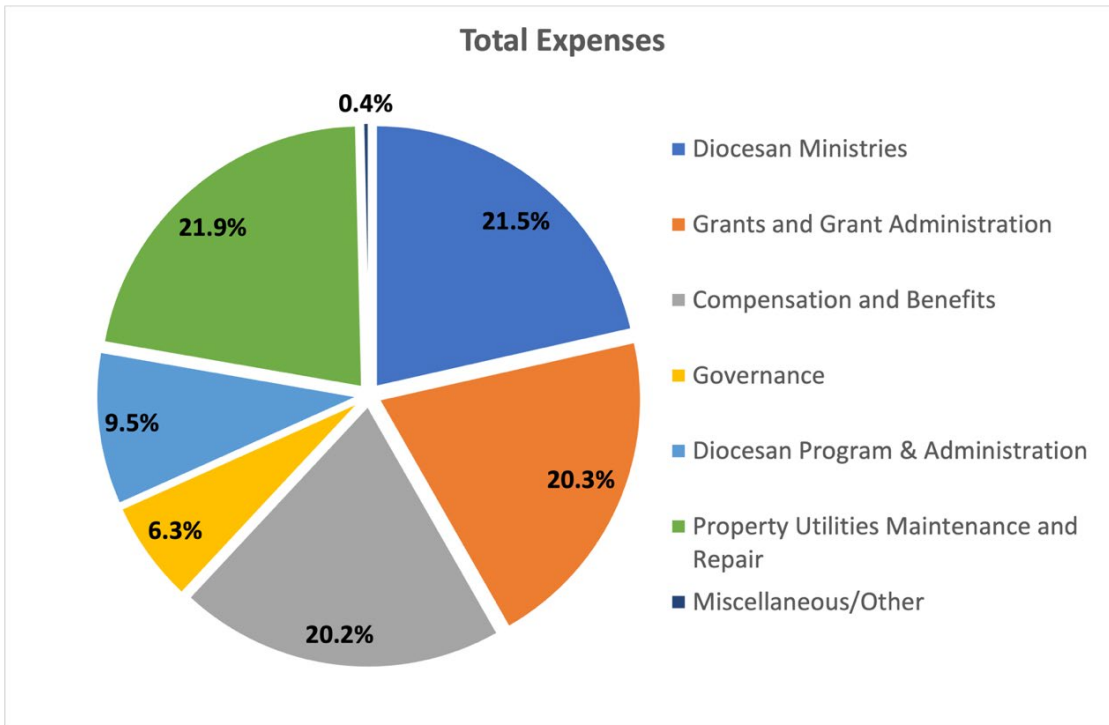
This line item of the budget is largely made up of rents that help defray the costs of supporting mission that takes place in property owned by the diocese. These rents include rent collected from residents of the Edwards Homes on Benefit Street in College Hill, Providence. They also include rent from programs in Hallworth House, which is now Rhode Island's only specifically designated [medical respite care program](#) and also houses the Providence operations of [Beautiful Day](#), a not-for-profit that helps refugees with job training.

Budgeted revenue for 2024 reflects a full year of occupancy for Hallworth House, though leases are limited to a six-month renewal under the terms of the program's funding sources.

Beginning in late 2020, Hallworth House was a pandemic quarantine and isolation center for the State of Rhode Island. In keeping with that ministry, the Mission Property Income line in 2022 reflects a one-time payment for self-insurance for any COVID-related liability.

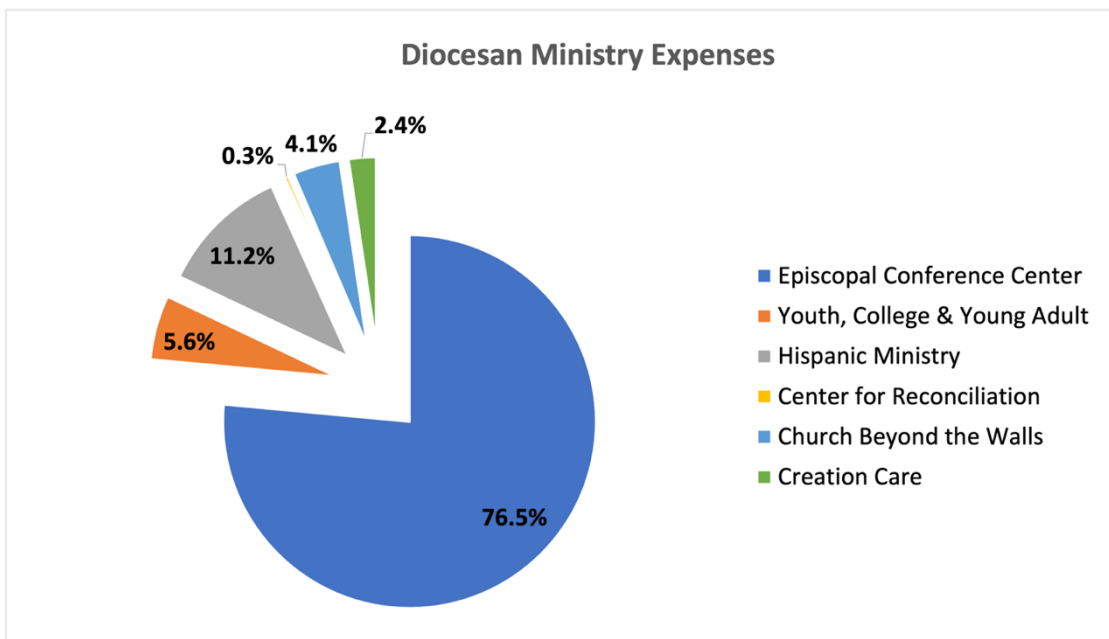
Over the long-term, the diocese seeks to ensure that rents for mission property provide sufficient income to help achieve a favorable balance between revenue and expense for Mission Property. To the extent that recent property shortfalls can be reversed, revenue from Mission Property Income could become a greater contributor to diocesan revenue.

Expenses



The expenses of the Diocese of Rhode Island include investments in diocesan ministries; grant funding for congregations and community partners; diocesan staff; our participation in the wider Episcopal Church; and mission properties that house ministry partners and other entities.

Diocesan Ministries



Over the past 10 years, about 25% of the diocese’s operating expenses have directly supported diocesan-sponsored ministry. In 2024, we will spend approximately \$1.0 million supporting these ministries. As Diocesan Council has urged, the majority of our 2024 diocesan ministries budget focuses on programs for children, youth, college students, and young adults.

In 2024, the diocesan ministries budget includes:

ECC (Episcopal Conference Center)

ECC, the diocese’s camp and conference center, is our largest investment in ministry. In 2024, expenses associated with ECC are budgeted to be \$777,365. We are budgeting for \$356,596 in program income, which results in a net funding need of \$420,769. We project that this amount will be covered in part by: \$100,000 from the ECC Annual Appeal; \$80,000 from a grant from Episcopal Charities; \$73,500 from DIT income; and \$36,000 from other grants and special gifts. This results in a net diocesan contribution to ECC’s ministry of approximately \$141,000.

During the last ten years, ECC has shown steady growth except in 2020, when its program was disrupted by the pandemic. In the last decade, ECC has increased the number of campers it serves each summer; its capacity to offer shoulder-season programming, including conferences when camp is not in session; and its dedicated full-time, year-round staff.

Much of ECC’s growth was driven by a 2016 strategic planning process, which developed a new vision: “Within ten years, ECC will evolve into a year-round vibrant diocesan camp and conference center, nurturing life-changing connections to God’s children who long for clarity in their journey.” Despite pandemic challenges, ECC has fulfilled this goal in seven years. In ECC’s next chapter, identifying additional long-term revenue sources is a central priority.

Youth, College, and Young Adult Ministry

Our 2024 investment of \$56,700 in youth and young adult ministry will support campus ministries at the University of Rhode Island (URI), which is closely affiliated with St. Augustine’s Church, and Rhode Island College (RIC). Funds to support Happening and our delegation to the triennial Episcopal Youth Event (EYE) are also included in this line item.

Hispanic Ministry

In 2024, we will continue to support the ministry of our diocesan Hispanic missionary, who leads San Jorge (St. George’s), Central Falls as well as providing resources for Hispanic ministry to our Evangelical Lutheran Church in America (ELCA) partners and the Episcopal Church’s Province 1.

Center for Reconciliation

Since 2015, the diocese has sought a workable operating model for the Center for Reconciliation, which offers programs about Rhode Island’s role in the history of the slave trade and the institution of slavery. The Center is based in St. John’s Cathedral, which ceased to be a location for regular worship in 2012, shortly before Bishop Knisely took office.

The Center for Reconciliation was created by diocesan convention in 2014. From 2016 to 2020, it operated as a separate not-for-profit entity and sought outside funding. However, there was little funding available for the initiative in a highly competitive racial reconciliation grantmaking environment, and a new board, established by the diocese, is now seeking other options for continuing this ministry.

Church Beyond the Walls

Church Beyond the Walls is a street church in Providence's Burnside Park that builds solidarity and cares for people who are unhoused. The diocese supports this ministry in partnership with the New England Synod of the ELCA. In 2024, we have budgeted \$41,430 for the work of the Church Beyond the Walls missioner and the program's expenses. Much of the program's budget has been met in previous years by donations and grants.

Creation Care

In 2018, the diocesan convention established a task force to address issues of climate change, environmental justice, pollution, water resources, and stewardship of church-owned properties. This task force has become the ministry we call Creation Care, and in 2024, we have budgeted \$24,000 for its initiatives and programs, which includes half of a two-year, \$18,000 grant from The Episcopal Church.

Grants and Grant Administration

The grant expenses in the diocese's budget include grants made by Episcopal Charities, which are funded by donations and by investment income. Grants made through the Congregational Development Commission (CDC) and by the Diocesan Resource Fund (DRF) are funded primarily from investment income. In recent years, diocesan grants have increased steadily, reflecting the needs of our parishes and our local and global communities.

Compensation and Benefits

The bishop and his staff support congregations in transition; provide programs and support to help congregations thrive; and oversee the ministries and operations of the diocese. The diocese's compensation and benefits expenses of \$1.044 million provide salary and benefits for the bishop and lay and clergy employees. Health insurance and pension contributions account for approximately 30% of that amount. The 2024 budget provides for a 5% cost of living increase, which is approximately the rate established by the Rhode Island Department of Labor and Training (DLT).

Governance

Each year, the diocese contributes 15% of its normal operating expenses to support The Episcopal Church's budget. Until 2022, all dioceses in The Episcopal Church were required to pay a 15% assessment on reported diocesan income for the year before last, less an exemption of \$140,000. Beginning in 2023, the exemption has increased to \$200,000.

This area of the budget also includes the assessment we pay to Province 1 of The Episcopal Church; diocesan and General Convention expenses; and in certain years, events such as the Lambeth Conference. In 2024, we anticipate that our total governance expenses will be \$303,704.

Diocesan Program & Administration

Diocesan Program and Administration includes the costs of diocesan office functions like technology, legal and audit, consultants (including communications), conferences, and travel. It also includes formation and training expenses for both diocesan staff and leaders in congregations and diocesan ministries.

Mission Properties

This section of the budget includes the costs to maintain, operate and pay utility costs for all property including Diocesan House, ECC, Edwards Homes, Grant House, Hallworth House, May House and Cottage, and Old Narragansett Church. The costs in this budget area, and in the Mission Property Income budget described above, reflect our expectation that Hallworth House will continue to be fully occupied for all of 2024.

Conclusion

The overall condition of the Diocese of Rhode Island is strong, and the 2024 budget, which is balanced, represents a return to post-pandemic stability and investment in mission and ministry. We hope that this new narrative budget format, developed by the Commission on Finance, will help congregational and diocesan leaders make informed financial decisions, plan for the future, and respond with energy and creativity to God's mission in the world we serve. If you have questions about the diocesan budget or would like more information, please talk with Ed Biddle, Chief Financial Officer, at 401-274-4500 x226 or ed@episcopalri.org.