

Diocesan Budget to Support Mission and Ministry 2025

This is the second year that the Diocese has presented its annual budget in a narrative budget format. Our budget-approval process follows a regular consensus-building cycle during which an increasingly large number of people are invited to review, comment, and ultimately confirm and approve our sources and uses of funds for the next calendar year:

- The budget process begins with a sub-group of the Commission on Finance evaluating how our current year is progressing, beginning with a half-year (June 30) variance analysis.
- The Commission on Finance and staff then consider new information, including requests for funding new ministries, to develop a draft budget.
- The people of the diocese are invited to two budget information sessions that provide a public forum for questions and answers.
- The draft budget, containing any amendments, is submitted to the Commission on Finance, which may recommend it to Diocesan Council.
- Once the Diocesan Council accepts the budget, with any amendments, it goes to Diocesan Convention for vote.

Here in the Diocese of Rhode Island, we are blessed with resources from both diocesan funds and congregational support (apportionment) 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.

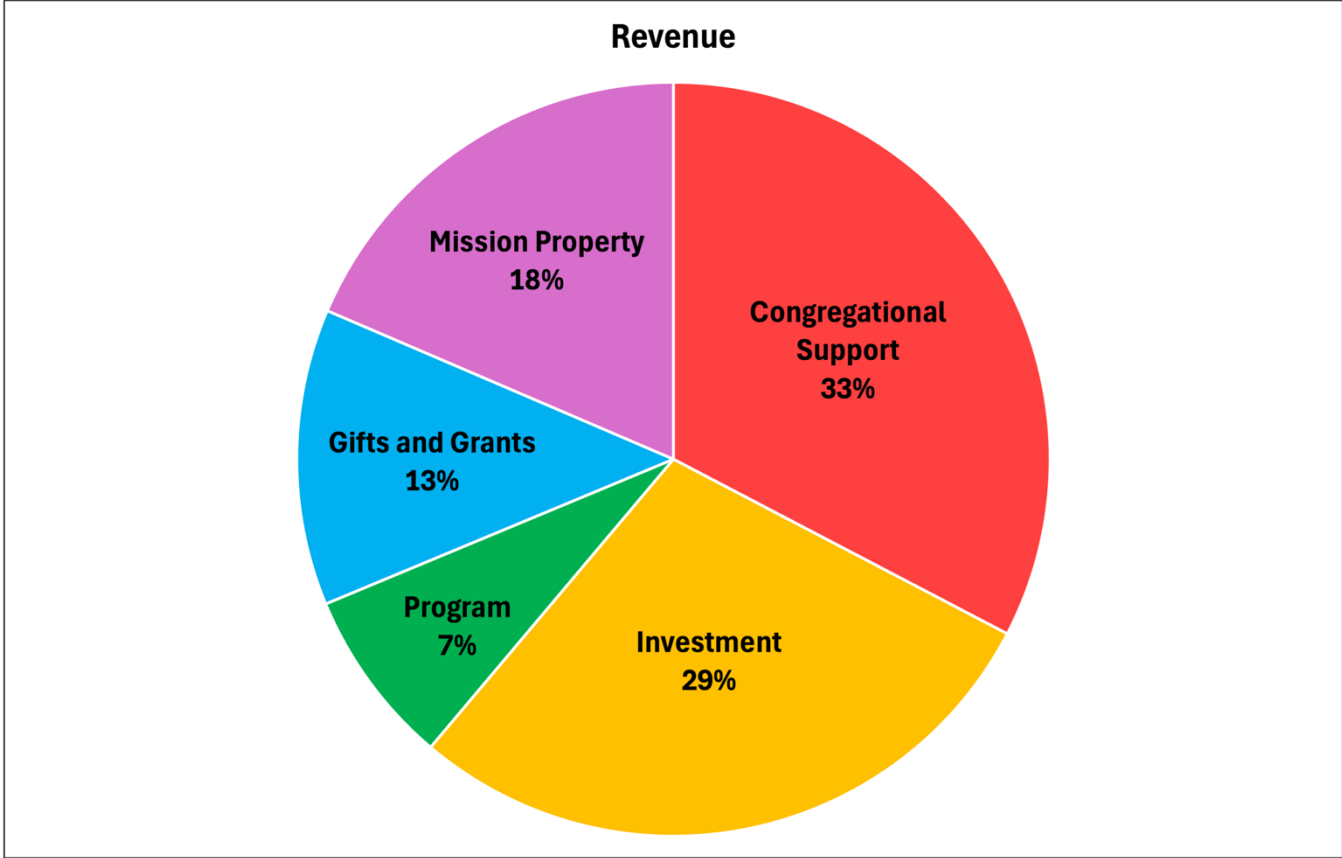
As our congregations contend with the effects of climate change, persistent inequality, new patterns of worship and Rhode Island's shifting demographic patterns, the Diocese of Rhode Island is committed to supporting mission and ministry that responds to the needs of God's people. One new, tangible

expression of that support is the Commission on Finance’s work toward reducing the apportionment of small- and medium-sized congregations and offsetting that revenue using proceeds from an endowment of the Hudson Family Fund for Religious Charities through the Rhode Island Foundation.

The following pages provide projections of our revenue and expenses for 2025, presented with streamlined categories so that you can more readily see the ways in which we invest in missional priorities and how they have changed over the last decade.

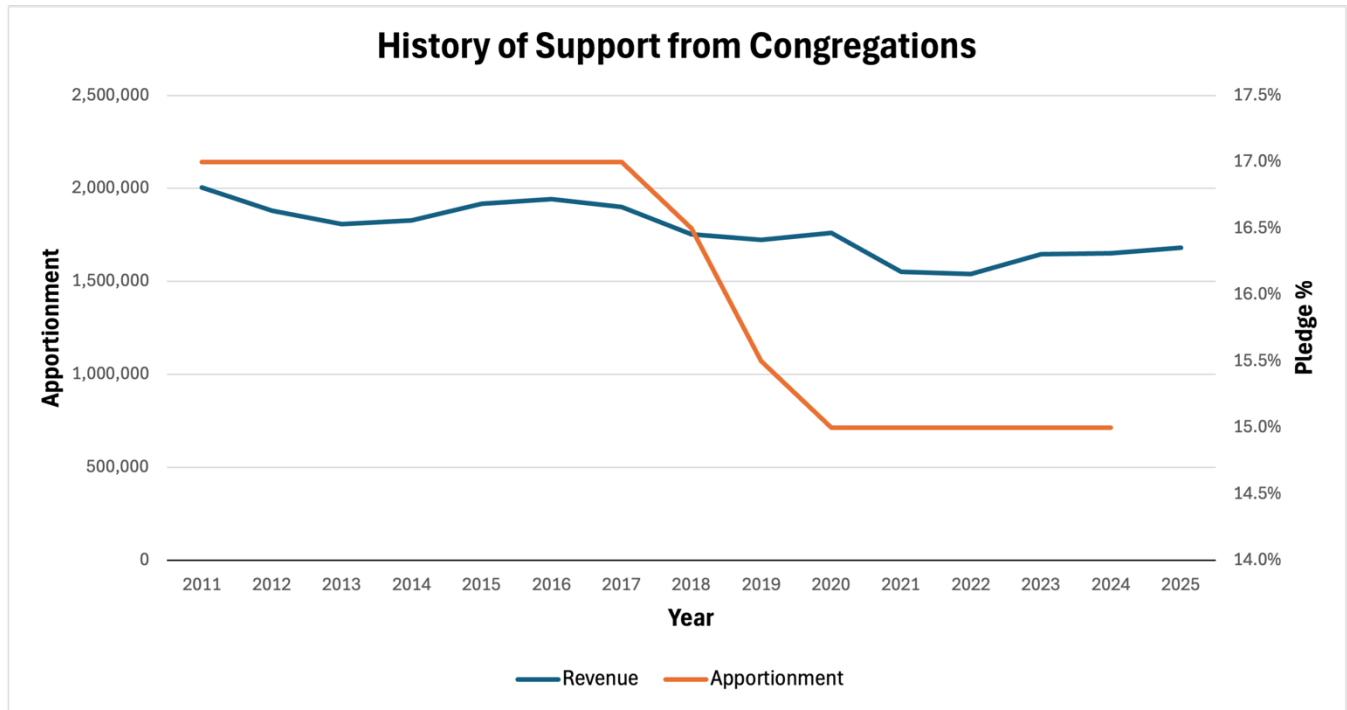
Chief Financial Officer Ed Biddle and his team will continue to prepare complete monthly and annual financials by individual account number. A detailed annual budget that includes each account line is available by request via email to [Chief Financial Officer Ed Biddle](#).

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, apportionment revenue has gradually declined while investment income has increased.

Congregational Support

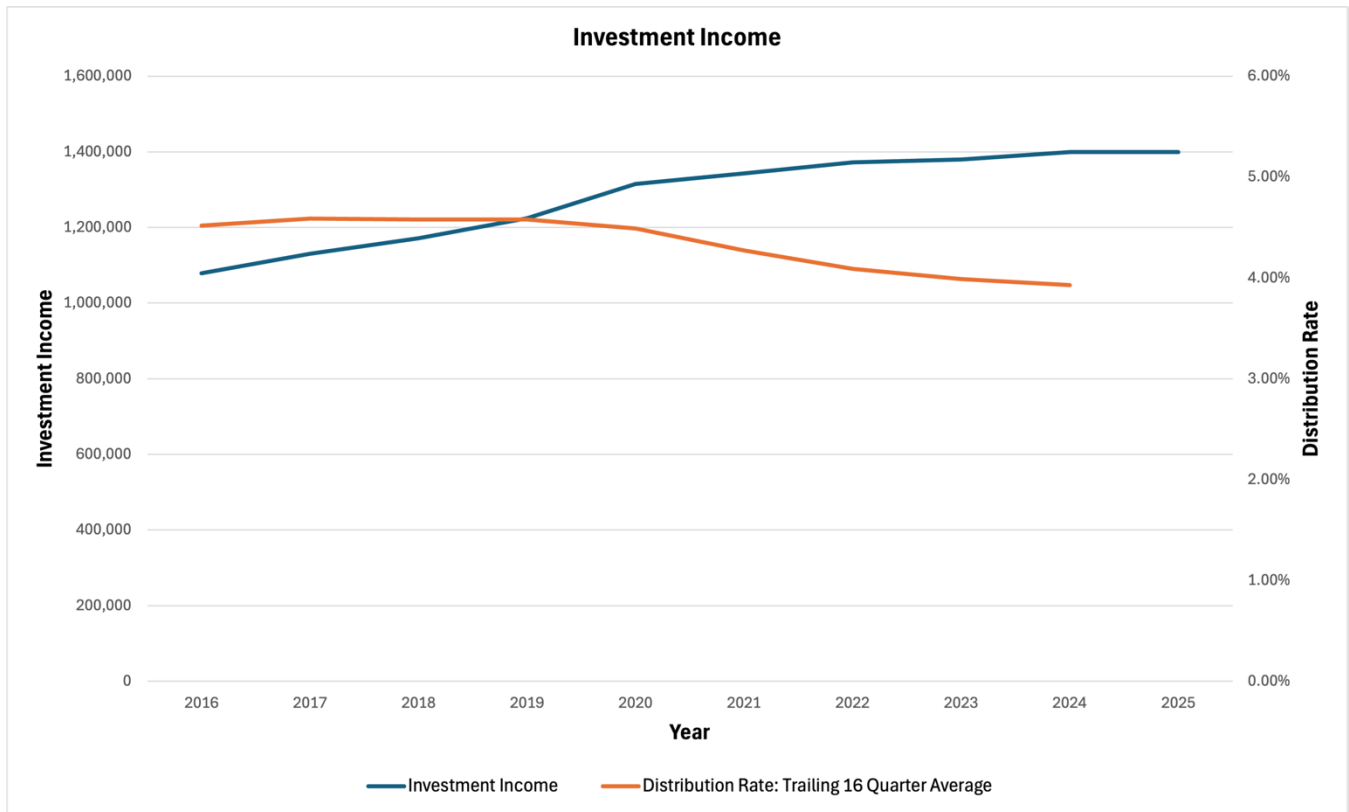


Over the last several years, diocesan convention has reduced the rate at which congregations contribute to the diocese, from 17% of operating income in 2016 to 15% in 2020. As a result, the revenue contributed by congregations to support the diocese has gradually declined.

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 2025, we are budgeting for \$1.68 million in congregational-apportionment revenue, which will represent about one-third of the operating budget’s revenue.

In 2025, we will apply the proceeds from an endowment of the Hudson Family Fund for Religious Charities through the Rhode Island Foundation to increase the standard deduction available for congregations, and to make other changes to the deductions available.

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 2025, the quarterly distribution will be 65 cents per share, a two-cent increase from 2024, but still below the 4.1% of a sixteen- quarter rolling average that was established as a target rate.

The diocese’s investment income has grown every year since 2014, when it represented about 25% of the operating budget’s revenue. In 2025, we are budgeting for investment income to be \$1.46 million, or approximately 29% 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 offset the expenses of maintaining ECC. As in many other dioceses, tuition covers only part of the camp's expenses. The remainder is 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 2025, we anticipate that camp revenue will continue to rebound, and other revenue in the offseason will continue. We have budgeted \$389,496 of program revenue for 2025.

Gifts and Grants

Gifts and Grants include funds contributed to the Episcopal Charities Fund of Rhode Island 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 2025 we have budgeted \$574,110.

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.

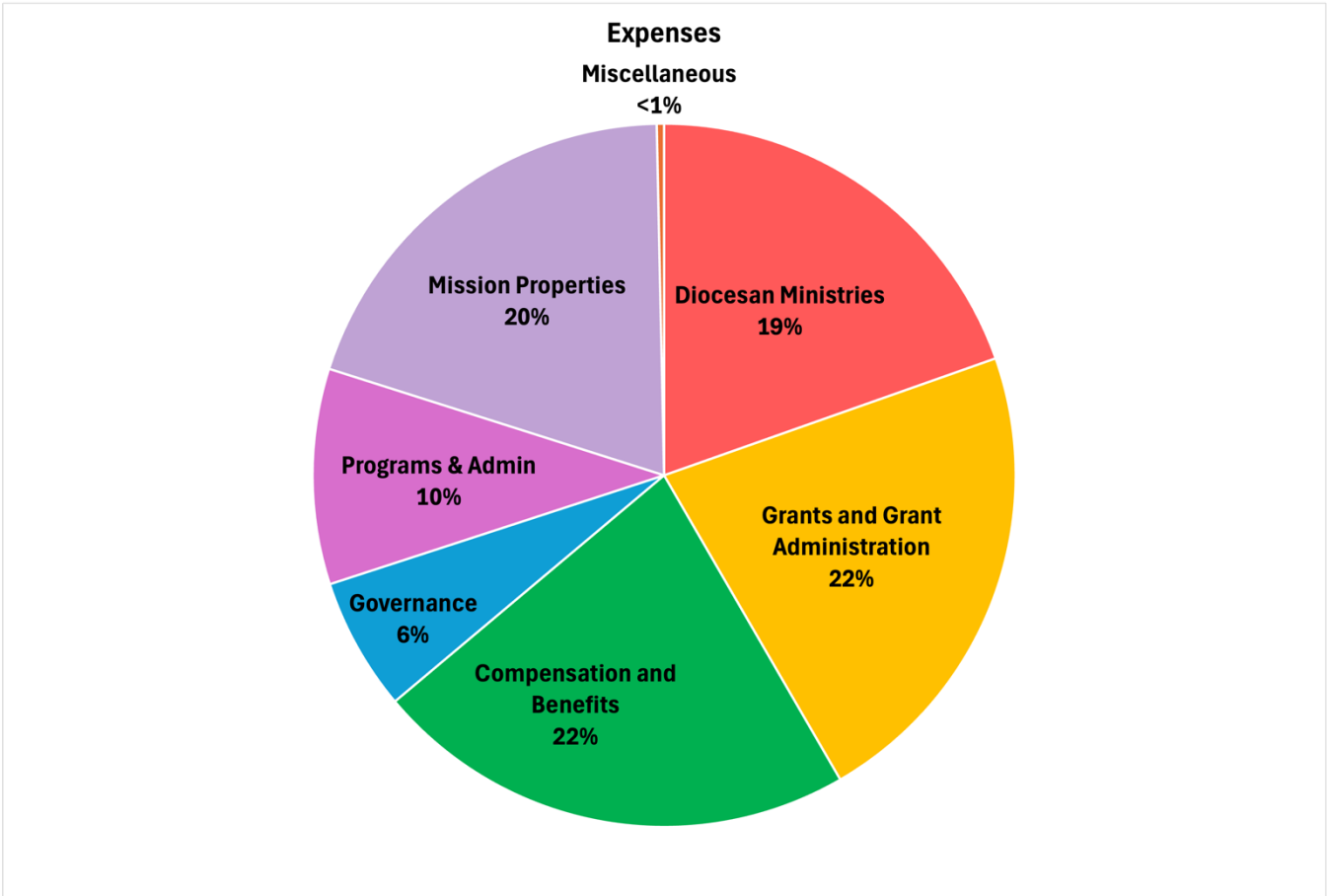
This year, the gifts and grants line item includes two testamentary gifts of approximately \$80,000 each from the Rhode Island Foundation. These gifts, which are income from the Hudson Family Fund for Religious Charities, will recur each year. One is given to Episcopal Charities, and the other to the diocese. The funds given to the diocese are being used to offset the congregational support (apportionment) line in the budget.

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. It includes 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. Other income in this line includes rent collected from residents of the Edwards Homes on Benefit Street in College Hill, Providence, which provides elder housing with rent dependent on income. Budgeted revenue for 2025 reflects a full year of occupancy for Hallworth House, though the leases currently in place are limited to a shorter period due to the terms of the program's funding sources. We project this lease will be renewed.

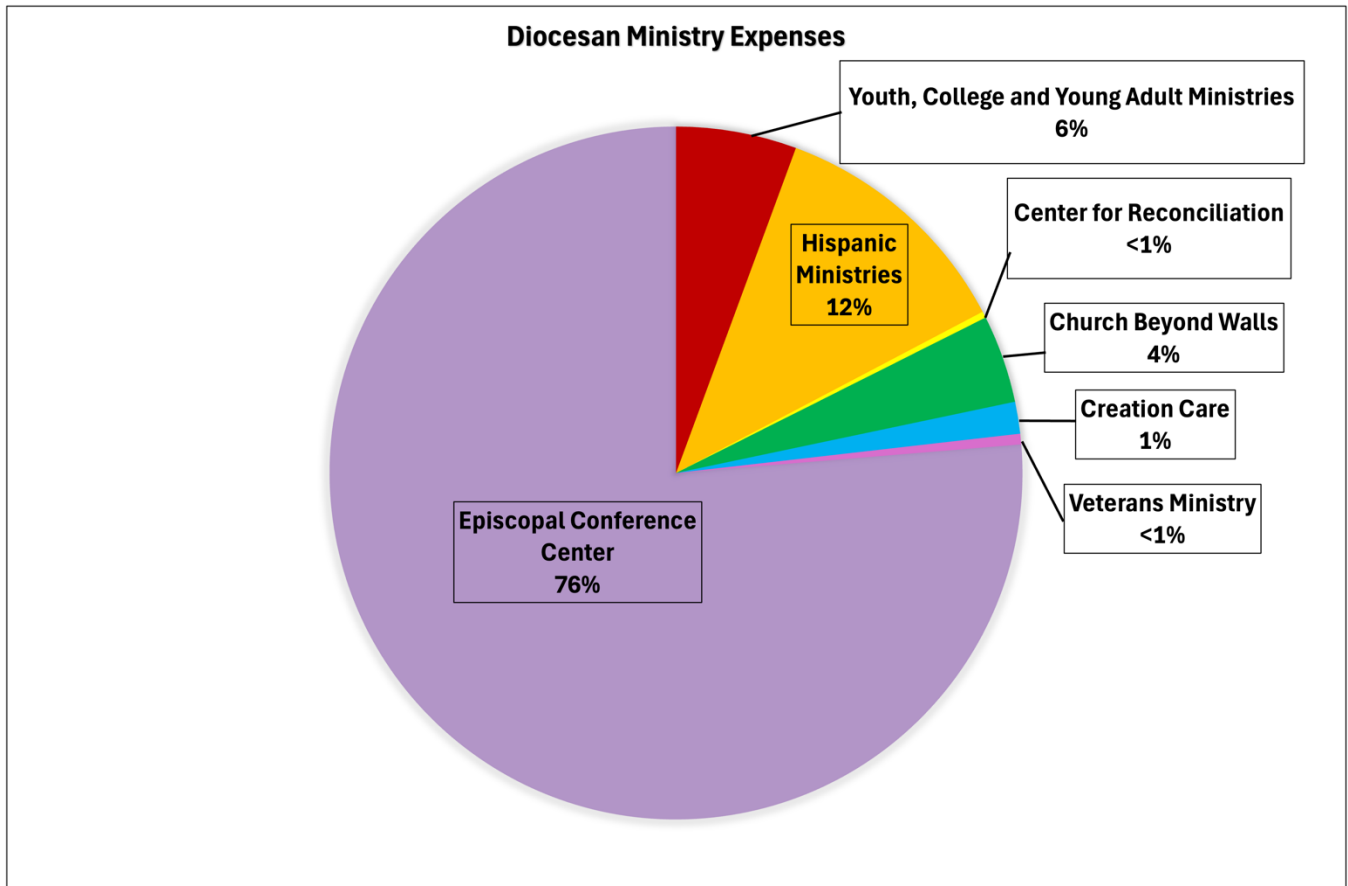
Over the long term, the diocese seeks to ensure that rents for mission property provide sufficient income to help achieve a favorable balance between revenue and expense for mission property.

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 Expenses



Over the past 10 years, about 25% of the diocese’s operating expenses have directly supported diocesan-sponsored ministry. In 2025, we will spend approximately \$1.08 million supporting these ministries. As Diocesan Council has urged, the majority of our 2025 diocesan ministries budget focuses on programs for children, youth, college students, and young adults.

In 2025, the diocesan ministries budget includes:

ECC (Episcopal Conference Center)

ECC, the diocese’s camp and conference center, is our largest investment in ministry. In 2025, expenses associated with ECC are budgeted to be \$769,458. We are budgeting for \$379,200 in camp program income, which results in a net funding need of \$390,258. We project that this amount will be covered in part by: \$90,000 from the ECC Annual Appeal; \$83,500 from a grant from Episcopal Charities; \$75,855 from DIT income; and \$31,750 from other grants and special gifts. This results in a net diocesan contribution to ECC’s ministry of approximately \$109,153.

During the last 10 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 off-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 2025 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 (a statewide spiritual retreat for high school students) and our delegation to the triennial Episcopal Youth Event (EYE) are also included in this line item.

Hispanic Ministry

In 2025, we will continue to support the ministry of our diocesan Hispanic missionary, who leads San Jorge (now worshipping at St. Luke's Pawtucket) 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 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 2025, we have budgeted \$41,430 for the work of the Church Beyond the Walls missionary 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 2025, we have budgeted \$15,000 for its initiatives and programs. The task force holds an annual creation-care conference, collaborates with community initiatives on Aquidneck Island and in support of Narragansett Bay, and promotes creation-care spirituality and engagement in congregations across the diocese.

Veterans Ministry

In 2025, the diocese will support the development of a new camp at ECC for families of veterans and active-duty service members. The budget includes \$5,000 allocated to that new program.

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

Our personnel 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 \$1,143,701 provide salary and benefits for the bishop and lay and clergy employees. Health insurance and pension contributions account for approximately 42% of that amount. The 2025 budget provides for a 3 percent cost of living increase, which is approximately the rate established by the Rhode Island Department of Labor and Training (DLT). Medical premiums are expected to increase by 13 percent for low-deductible employee plans and 3 percent for high-deductible employee plans.

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, other governance gatherings in the Episcopal Church and Anglican Communion. In 2025, we anticipate that our total governance expenses will be \$314,152.

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 (a short-stay rental property on the grounds of ECC), Hallworth House, May House and Cottage (the bishop's residence), and the historic 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 2025 budget is largely consistent with 2024 in both projected expenses and revenues lines. It also:

- Continues the narrative budget format established for last year that has delivered more transparent funding priorities for the diocese.
- Incorporates a new bequest, which the diocese will receive annually, that is being directed to congregational support (apportionment), particularly for small- and medium-sized congregations.
- Reinforces initiatives that will support congregational ministry in many of our communities across Rhode Island and ensure that congregations have resources to invest in continuing to navigate the post-pandemic landscape.

We hope that this narrative budget format, developed by the Commission on Finance in 2023, 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.