

## **2022 PROPOSED BUDGET OVERVIEW**

As in most budgeting processes, Diocesan Council attempts to balance The Episcopal Church in Hawai'i's ("TECH") projected financial needs with projected financial resources. Council further attempts to construct a conservative budget by slightly underestimating income and slightly overestimating expenses, allowing unforeseen events to be accommodated during the year. This process was particularly challenging this year, given today's extraordinarily uncertain pandemic-related economic circumstances. As such, Council held five separate discussions on the 2022 Budget, including two special meetings exclusively devoted to 2022 Budget deliberations.

Prior pandemic-related extraordinary measures include the two-month Assessment waivers in 2020 and again in 2021, funded by: the SBA's PPP Program (part of the Federal CARES Act); an increased draw from the TECH Endowment; and belt-tightening wherever possible. TECH has maintained an 18% Assessment rate since 2018 but, in an effort to leave more resources at the parish/mission level to implement programs to grow and enhance congregational life, the Assessment rate in the 2022 Budget has been reduced to 16.5%.

In a further move to strengthen resources at the parish/mission level, a one-month Assessment waiver is included in the 2022 Budget, financed mainly by a slightly reduced (from 2021) draw from the TECH Endowment. The Endowment draw rate has been fixed at 4% since 2018, was temporarily increased to 5% in 2021, and is budgeted at 4.5% for 2022. While TECH is aiming for a sustainable 4% long-term Endowment draw rate, the draw formula is based on a trailing 12 quarter Endowment value, which has increased due to the very strong market gains since 2019.

The only major expense change in the 2022 Budget results from Council's task force recommendations on reorganizing the Diocesan Support Center ("DSC") as a result of the retirement of Peter Pereira, TECH's long-term Treasurer and Planned Giving Officer. This change, effective late 2021, includes giving added responsibilities to the current Accountant (the new Controller) and the Business Manager (the new Operations Manager) as well as adding two junior positions (a Financial Support Administrator and a Communications & Event Coordinator). For additional oversight, guidance, and advice to DSC staff, a highly experienced volunteer Treasurer and several volunteer Assistant Treasurers are being actively recruited.

TECH's 2022 Budget continues to generously support Ministry and Mission initiatives, such as the Hālau Wa'a Church Plant (previously known as "West Oahu"), Grace Moloka'i, Camp Mokulē'ia, Diocesan Youth Missioner, Waiolaihui'ia, Prison chaplaincy, A Cup of Cold Water, and many others. It should be emphasized that TECH's monetary support of Ministry and Mission programs is only a portion of TECH's total support, as DSC staff devote considerable time and energy in support of these and other Ministry and Mission programs throughout the Diocese.

Under normal circumstances, a conservatively developed budget will produce a nominal surplus at year-end, which typically is used to prudently increase reserves or is carried forward to help fund the next Budget cycle. The 2022 Budget anticipates a \$90K carry forward surplus from 2021. The 2022 Budget is "tighter" than normal, as Council has endeavored to empower parishes

and missions by lowering the assessment rate, so the planned carry forward surplus from 2022 onwards is much smaller.

## **2022 PROPOSED BUDGET SUMMARY**

TECH's Proposed 2022 Budget is balanced, with total budgeted income equaling total budgeted expenses. Given the conservative nature of the budgeting process, a nominal \$30K surplus is assumed.

**Total Income** in TECH's 2022 Budget is \$2.341 million, a slight decrease from \$2.380 million in the 2021 Budget. Net **Assessment Income** of \$1.342 million represents 57.3% of Total Income in 2022 versus 60.5% in the 2021 Budget. Budgeted **Investment Income** of \$725K (31.0%) is essentially equal to the 2021 Budget amount of \$727K (30.5%), as the lower draw rate is offset by the addition of a distribution from the Waikiki Chapel Endowment Fund and the increased value of the Diocesan Portfolio. **Other Income** in the 2022 Budget, consisting primarily of Rents and Prior-Year Surplus, is \$275K (11.7%), substantially above the 2021 Budget amount of \$215K (9.0%) due to the \$90K Prior-Year Surplus.

**Total Expenses** in TECH's 2022 Budget are \$2.341 million, a slight decrease from budgeted 2021 Total Expenses of \$2.380 million. **Diocesan Organization Expenses** of \$1.741 million represent 74.4% of Total Expenses in the 2022 Budget, versus \$1.657 million (69.6%) in the 2021 Budget, mainly due to increased Capital Reserves and Outsourcing expenses. **Ministry and Mission Expenses** of \$600K represent 25.6% of Total Expenses in the 2022 Budget versus \$723K (30.4%) in the 2021 Budget, mainly due to reduced Bishop's Emergency Grants.

Line-by-line specifics by budget item, prepared by DSC staff and edited by Council, follow:

### **INCOME**

#### **Page 3, Line 1a: Assessments**

Assessment income is the amount levied by the Convention (as authorized by Article XII of the Constitution of the Diocese) on each congregation in the Diocese of Hawai'i to support the programs and expenses of the Diocese. The projected income shown in this budget is based on a 2022 assessment rate of 16.5% of each congregation's operating income, as shown on the 2020 parochial report, page 3, line A.

#### **Page 3, Line 1b: COVID-19 Assessment Waiver**

This was a 2-month waiver of assessment payments to the Diocese to help congregations with loss of income due to the COVID-19 pandemic in 2020 and 2021. There is a 1-month waiver projected for 2022 and none thereafter. It should be noted, however, that Diocesan Council has decided that the two Paycheck Protection Program (PPP) rounds will not be subject to assessment as the "loans" are forgiven and become "grant" income. So, in 2023, the PPP grants received in 2021 will not be subject to assessment. All other pandemic related grants used for operations in any way are subject to assessment.

Page 3, Line 1c: Investment Income

All projected investment income is net of investment fees, both managerial and custodial. *Endowment Funds:* To estimate income from investments for 2022, the Diocese budgets and will draw 4.5% of each restricted and unrestricted endowment fund's average market value over the prior twelve quarters.

Endowment funds with 2022 distributions budgeted at 4.5% are:

- Portfolio (restricted) – Income from this fund is primarily from the Episcopate Endowment Fund, and distributions are limited to the expenses related to the “Episcopate” (the Bishop.)
- Portfolio (unrestricted)
- Von Holt Fund (unrestricted)
- Helen Hagemeyer Fund (restricted) – Income from this fund is restricted by the donor for support of mission churches.
- Ing Fund (unrestricted)
- MacCray Fund (Council Restricted) – Income from this fund supports the Youth and Campus Missioner ministry
- Waikiki Chapel (Unrestricted).

*Trust Funds:* There are four non-endowment funds of which the Diocese is the beneficiary of investment income but has no investment management oversight.

- Catton Fund – Income is restricted by the donor for needy retired church workers.
- Parke Trust Fund (Unrestricted)
- Prisanlee Fund (Unrestricted)
- Valvon Fund (Unrestricted)

Page 3, Line 1d: Rental Income - Cluett Apartments

Rental income comes from the six units in the Diocesan-owned Cluett Apartments on the mauka side of Queen Emma Square next to St. Peter's Church. Management and tenant oversight of the Cluett Apartments is currently outsourced. Diocesan Council is researching demolition of the building (and possibly replacing with landscaping and/or parking). The budget conservatively reflects that rental income stops in mid-2022. Additional parking revenue may materialize once the plan is finalized.

Page 3, Line 1e: Parking

Parking income is from the rental of Diocesan parking spaces on Queen Emma Square which are rented to St. Andrew's Schools and four to seven individuals.

Page 3, Line 1f: Restricted donation- Waiolaihui'ia School for Ministry

This represents a restricted donation received for Waiolaihui'ia. (The Diocesan Local Ordination and Licensed Lay Ministry Formation Program).

Page 3, Line 1g: Interest

This represents the interest earned on Diocesan cash accounts and Certificates of Deposits (CDs).

Page 3, Line 1h: Miscellaneous

Miscellaneous gifts and other income are included in this line item. This number is a “guesstimate” based on previous year’s actual. There are no steady, consistent numbers for this line item.

Page 3, Line 1i: Prior year Surplus

Estimated amount of carry forward surplus from 2021.

**EXPENSES**

Page 5, Line 2a: Native Hawaiian Ministry Committee

This line item is usually used for travel for individuals to attend meetings of the Anglican Indigenous Network (AIN) and other local- and church-wide indigenous ministry events. This Committee maintains close contact with other indigenous peoples and their faith communities throughout the Worldwide Anglican Communion. The every 2-year meeting was held in Hawai‘i in 2019. It is also noted that this Committee has a restricted fund of \$13,000 for its work. In addition, a grant of \$4,000 has been received from The Episcopal Church for the translation of liturgical materials into ‘Ōlelo Hawai‘i. Additional funds have been allocated for the work of this Committee (and that of the Reconciliation Task Force) by Diocesan Council from a separate grant from The Episcopal Church (\$20,000 to each group).

Page 5, Line 2b: Tongan Ministry

This line item is used to help pay for the ministry of a Tongan-speaking priest for the Tongan congregation at St. Elizabeth’s Church, Honolulu.

Page 5, Line 3a: Agreed Upon Procedures (“Audit” Expenses)– Missions

The Diocese includes in its budget the funds to pay for annual agreed upon procedures “audits” for missions. This is a national canonical requirement, coming from an action of the General Convention of the Episcopal Church. (Parishes also are canonically required to have an annual audit, but at their own expense.) Agreed upon procedures is work agreed upon between the Diocese and the auditor to review control procedures over financial and other transactions. To help offset the income lost due to Assessment waivers, this line item was reduced to zero in 2020 and for 2021. Diocesan Council approved a new policy that will take effect January 2022 and the Commission on Finance and Administration is working out the details of the process.

Page 5, Line 3b: Calvary

The purpose of this financial support has been to assist in re-establishing Calvary as a viable Episcopal Church in Kaneohe (see [www.calvarykaneohe.org](http://www.calvarykaneohe.org)) following the departure of many parishioners in disagreement with the 2003 ordination of Bishop Gene Robinson and the Diocesan stance favoring an inclusive understanding of marriage. Their vicar since 2018 has served 3/4-time, and their pre-pandemic Average Sunday Attendance (ASA) was 40. The Organized Mission has rental income from a preschool, the vicarage and other denominations using the sanctuary. The subsidy is reduced in 2022 and discontinued thereafter.

Page 5, Line 3c: Grace, Moloka'i

This line item supports the ministry of Grace Church on Moloka'i. The Council has determined that this is an essential ministry of the Diocese of Hawai'i. Council encourages other churches in the Diocese to greater engagement with Grace Church, including urging support of their thrift shop and consciously visiting the congregation when possible (see [www.gracechurchmolokai.com](http://www.gracechurchmolokai.com)). No increases are projected for the future.

Page 5, Line 3d: St. Jude's, Ocean View

St. Jude's is self-supporting, and no longer needs assistance.

Page 5, Line 3e: Hālau Wa'a Church Plant (Formerly Known as "West O'ahu")

Hālau Wa'a Episcopal is a new mission, started in 2020, serving the 120,000 spiritual seekers in the Honouliuli ahupua'a (Kapolei, Ewa Beach, and Makakilo). The mission is developing a New Episcopal Community template of wa'a (small group ministries) empowering each member's spiritual journey by bringing God's word into everyday activities. The individual wa'a gather for renewal, community, and worship as Hālau Wa'a Episcopal. The funds are largely used for the compensation of the Missioner, the Rev. Mark Haworth. The Episcopal Church in Hawai'i owns land near Kapolei Elementary School (13a). It should be noted that this land may or may not be used for established congregation, but is an asset of the Diocese for development in the region. All compensation was frozen in 2021 at 2020 levels. This line assumes a 3% increase.

Page 5, Line 4a: Camp Mokulē'ia

Camp Mokulē'ia (see <https://www.campmokuleia.org>) operates as a subsidiary of the Diocese. Programs include summer camps consisting of a high school program, a middle school program, and a shorter elementary school (entering grades 4-6) program. In addition, there have recently been new initiatives: (1) Camps on neighbor islands and sites on O'ahu outside of the Camp, and (2) youth events. The Camp faces opportunities and challenges as the pandemic subsides. The budget includes an allocation of \$70,000 for the ongoing maintenance and programs of the Camp. This is the minimum support Diocesan Council has discerned that the Diocese should provide to show commitment to this ministry. These funds provide support for the mission of the Diocese as a whole through our Camp.

Page 5, Line 4b: Christian Formation

Christian formation is most effectively done on the congregational level, but this line item helps to support those efforts by funding Diocesan membership fees for programs such as Education for Ministry (EfM) and Godly Play. Training for clergy and lay leaders is funded elsewhere in this budget (6c).

Page 5, Line 4c: Diversity Training

This funding is to assist in diversity training, communication, and resource development for congregations and individuals. The training was mandated by resolution of the General Convention. Based on the promises in our Baptismal Covenant to "seek and serve Christ in all persons, loving [our] neighbors as [ourselves]" and to "respect the dignity of every human being," we must seek to create dialogue on racism; to facilitate respect for diversity; and to promote healing, reconciliation, and transformation in our members and institutions. The Reconciliation Task Group has begun this work. Additional funds have

been allocated for the work of this Task Group (and that of the Native Hawaiian Ministry Committee) by Diocesan Council from a grant from The Episcopal Church (\$20,000 to each group).

Page 5, Line 4d: EYE Travel Fund Reserve

Every three years, there is a nation-wide Episcopal Youth Event. The last one was July 10-14, 2017 on the campus of the University of Central Oklahoma in Edmond. The event has been canceled for this triennium because of the pandemic. It is the Diocese's policy to fund one-third of the cost, while expecting congregations and individuals to support the balance. This amount will go into the reserve fund for the next EYE just as the Diocese reserves funds each year for General Convention. There are currently funds available for the next EYE and the \$100 in this line item is to hold a place in the budget for the future.

Page 5, Line 4e: Planned Giving

This funding is to help congregations encourage members and friends to remember the Church in their wills or estate plans. The Diocese offers a program of education for congregations' leaders and direct support for congregations, and works with the Episcopal Church Foundation (ECF) on marketing, training, and gift planning. This line item also funds Ho'ike Ulu Legacy Society events that honor good stewards who have remembered their congregations, the Diocese, or another ministry in their wills or estate plans.

Page 5, Line 4f: Safe Church Training

This line item funds training required by General Convention resolutions and by Diocesan policy for educating church leaders and volunteers about sexual misconduct and to promote a Safe Church environment. In 2017, the Diocese moved to individual online training. The online training is less costly than hiring local trainers. At the 2019 Annual Meeting, the budget was amended to increase the funding to allow for in-person training for those for whom online training is difficult. The pandemic made in-person trainings impossible. The policy and program will need to be reviewed and revised by Standing Committee. (See <https://www.episcopalhawaii.org/safe-church- trainings.html>)

Page 5, Line 4g: St. Andrew's Schools: Chaplain Support (PT)

Because St. Andrew's School is on land owned by the Episcopal Church in Hawai'i, it is essential that a qualified Episcopal Chaplain be in place to liaison with the Diocese and the Cathedral. To ensure the Chaplain is compensated at the same rate as those serving at congregations, the Diocesan Council has in the past decided to help St. Andrew's Schools with the Chaplain's compensation package. The current Chaplain, the Rev. Cn. Heather Patton-Graham, is also the Provost and Canon Residentiary of the Cathedral. Therefore, one-third of her compensation is provided by the Schools and two-thirds by the Cathedral. The Diocese is no longer supporting her compensation and this line is not needed in the 2022 budget.

Page 5, Line 4h: Diocesan Youth Missioner (PT)

The Rev. Jar Pasalo was hired in 2020 using funds from the Rev. George W. MacCray Fund that is designated by Council for youth and young adult ministries. This is a part-time position whose primary purpose is to support congregations in their individual ongoing Youth (7<sup>th</sup> to 12<sup>th</sup> grade) and college campus programs, and to help create a network of youth and youth workers

and a feeling of community within the Diocese in cooperation with the Diocesan Youth Ministry Design Team. This position is largely funded by the Rev. George W. MacCray Fund. All compensation was frozen in 2021 at 2020 levels. This line assumes a 3% increase for 2022.

Page 5, Line 4i: Diocesan Youth Ministry - Program

These funds provide basic financial support for Diocesan Youth program and activities in 2022 as we come out of the pandemic.

Page 6, Line 5a: A Cup of Cold Water

A Cup of Cold Water (ACCW) is a community-based Care-Van outreach program on the island of Maui, formed by a group of committed Episcopalians from all Maui congregations. Like Camp Mokulē'ia and St. Andrew's Schools, ACCW is a subsidiary of the Episcopal Church in Hawai'i. The program uses the care-van to deliver essential food, hygiene and clothing items throughout the island. With a strong volunteer base from the Episcopal Churches on Maui, the program is growing and now includes other churches and other religious communities. (See [www.episcopalhawaii.org/a-cup-of-cold-water.html](http://www.episcopalhawaii.org/a-cup-of-cold-water.html))

Page 6, Line 5b: Ecumenical/Interfaith Relations

This line item supports efforts to build relationships with, and community among, other faiths through shared communication and participation in the areas of faith-based, spiritual, and social issues aligned with the mission of our Diocese. Institutional membership in The Interfaith Alliance Hawai'i (TIAH) is part of this support. The budget also includes funds for Pacific Health Ministries and the Samaritan Counseling Center.

Page 6, Line 5c: Prison Chaplaincy (PT)

This line item is to provide compensation for a part-time chaplain, the Rev. Kaleo Patterson, towards the development of an active prison ministry in the State of Hawai'i, Department of Public Safety (all islands), the Federal Detention Center in Honolulu, and the Saguaro Correctional Facility in Arizona. Most prison chaplaincy activity and programs take place on O'ahu, where most of the incarcerated are processed upon entry into the system, and released or transferred to facilities on neighbor islands, or Saguaro, Arizona. All compensation was frozen in 2021 at 2020 levels. This line assumes a 3% increase for 2022.

Page 6, Line 5d: Prison Ministry - Program

This line item provides funds to support prison chaplain & ministry expenses required to provide oversight of all prisons in Hawai'i and Saguaro Correctional in Arizona, and the Federal Detention Center in Honolulu, utilizing volunteers and local churches, community partnerships, program and curriculum development, printing, materials, and supplies needed for: Makahiki Classes and Ceremonies, Baibala English/Hawaiian Language Classes, Hawaiian Bibles, Episcopal Holy Eucharist and other Services, and special programs, Reentry Bacpacs, reentry services, and support, such as cell phones, housing assistance, and Holo bus passes, other travel assistance, and alms, which provide a continuity of prison ministry and pastoral care from in-prison to community reentry. The Diocesan Council views this as an important living out of the gospel, "...I was in prison and you visited me." (Matthew 25:36 NRSV) Here is also the understanding that we are called "...to bring good news to the oppressed, to bind up the brokenhearted, to proclaim liberty to the captives, and release to the

prisoners. (Isaiah 61:1 NRSV)

Page 6, Line 6a: Lay Leadership Development

See line 6c.

Page 6, Line 6b: Clergy Leadership Development

See lines 6c and 6d.

Page 6, Line 6c: Leadership Development

This is for training and/or conferences for clergy and lay leadership (including wardens, vestry members, bishop's committee members, and treasurers) events like "Spring Training," "Education Day" and other special events.

Page 6, Line 6d: Clergy Retreat

This for an annual clergy retreat and a one day lecture.

Page 6, Line 6e: Curacy Support

This line provides funds for the opportunity for newly graduated seminarians from the Diocese to return to Hawai'i after ordination. The intent is to make it possible for newly ordained seminary graduates from Hawai'i to serve at least two years under the mentorship of an experienced priest. There are currently no compensated curacies.

Page 6, Line 6f: Curacy Support Reserve Fund

This line funds a reserve to support Curacies (see Line 6e) without causing an undue burden on future budgets when the funds are needed.

Page 6, Line 6g : Commission on Ministry (COM)

This line item includes expenses such as:

- Psychological testing and background checks for those in the ordination process (both of which are required by church canon) and background checks for candidates for positions as priests in mission congregations.
- Any costs associated with the training and licensing of laypersons to the licensed ministries spelled out in Title III of the Canons of The Episcopal Church.
- The cost of various books, periodicals, and other resources intended to promote leadership or ministry development and discernment throughout the Diocese.

Page 6, Line 6h: Waiolaihui'ia School for Ministry, The Diocesan Local Ordination and Licensed Lay Ministry Formation Program

Waiolaihui'ia is Hawai'i's program for licensed lay ministries and those being formed for ordination to the priesthood or vocational diaconate. 2022-2024 is projected to be funded by a donor-restricted reserve fund. This program is intended to provide training and formation for mature persons, established in the local life of Hawai'i, for whom the disruption and cost of mainland seminary is not feasible. Ordination-track individuals have the flexibility and stability to serve a congregation. Ordination-track graduates of Waiolaihui'ia are expected to meet all



canonical requirements for ordination. For the Ordination-track, there is a one- year preparatory program followed by the three-year Waiolaihui‘ia. There are currently 3 students in the 2021-2022 academic year and 10 in the ordination-track preparatory program. The licensed lay ministry tracks are currently in development.

Page 6, Line 6i: Waiolaihui‘ia Academic Dean (PT)

This represents the compensation and benefits paid to the Academic Dean, the Rev. Haaheo Guanson, who oversees the Waiolaihui‘ia formation program. All compensation was frozen in 2021 at 2020 levels. This line assumes a 3% increase for 2022.

Page 6, Line 7a: Bishop’s Emergency Grants

These monies are used to help fund congregations with unplanned/unforeseen expenses such as retaining walls, sewer systems, plumbing, electrical, technology upgrades during the Pandemic, etc. and ministries that support the vision and goals of the Episcopal Church in Hawai‘i. These grants of up to \$3,000 can be approved by the Bishop and grants over \$3,000 must be approved by Diocesan Council on the recommendation of the Bishop. This line item is being significantly reduced in response to some of the income reductions (lower assessment, one-month waiver, and reduced draw from endowments) for 2022.

Page 7, Line 8a: Bishop

This line item includes the compensation and benefits (such as health insurance and pension) for the Bishop Diocesan, the Rt. Rev. Robert Fitzpatrick. All compensation was frozen in 2021 at 2020 levels. This line assumes a 3% increase for 2022.

Page 7, Line 8b: Bishop’s General Convention Travel Reserve Fund

This line item provides the annual allocation to a reserve fund to be held over three years to support the travel and meeting costs for the Bishop and his spouse to attend the triennial General Convention of the Episcopal Church. There is currently enough in reserves for the 2022 General Convention (postponed from 2021). The next General Convention is scheduled for 2024.

Page 7, Line 8c: Hospitality

This supports the Bishop’s ministry of hospitality. As part of his episcopal responsibilities, he exhibits Hawai‘i’s aloha spirit and hosts individuals and groups, reciprocates hospitality, and develops partnerships. This also includes funding for the Bishop to support the fundraising activities of the entities on whose board of directors he serves by virtue of the office (St. Andrew’s Schools, ‘Iolani School, Seabury Hall, and Camp Mokulē‘ia). Due to the pandemic cost savings in 2020, the Bishop resigned his membership to the Pacific Club (historically, bishops have been a member). There is current no plan for the membership to be renewed.

Page 7, Line 8d: Key Person insurance

This line item pays for the insurance premium for the Bishop’s life insurance benefitting the Diocese in the event of the Bishop’s death.

Page 7, Line 8e: Travel and Continuing Education

This covers the Bishop’s and spouse’s travel expenses (transportation, meals, lodging, etc.) for

church visitations, meetings, conferences, etc.). It also covers the Bishop's continuing education.

Page 7, Line 8f: Lambeth Conference Travel Reserve Fund

This line item funds a reserve to pay for the Bishop's and spouse's attendance at future Lambeth conferences. The amount in the reserve account (Lambeth Conference Travel Fund) is approximately \$29,000+\$13,583 in prepaid expenses. The prepaid expenses are non-refundable payments from the postponed Conference in 2020, such as airfare which can be used for the rescheduled Conference in July 2022. The current funding is to prepare for the next Lambeth Conference.

Page 7, Line 8g: Future Bishops' Transition Reserve Fund (formerly known as Election Process Fund) This line item funds a reserve to cover the costs of transitions of future bishops. The amount in the reserve account (Election Process Fund) as of March 2021 was approximately \$263,000.

Page 7, Line 9a: Executive Assistant to the Bishop

This line item includes the compensation and benefits (health insurance, pension, etc.) for the Bishop's Executive Assistant, Ms. Denise Esposito. The Executive Assistant provides administrative support to the Bishop and the Diocese. All compensation was frozen in 2021 at 2020 levels. This line assumes a 3% increase for 2022.

Page 7, Line 9b: Accountant

This position was eliminated in the recent DSC reorganization.

Page 7, Line 9c: Business Manager

This position was eliminated in the recent DSC reorganization.

Page 7, Line 9d: Canon to the Bishop (formerly known as Canon for Congregational Life and Leadership)

This line represents the compensation and benefits (such as health insurance and pension) for the Canon to the Bishop, the Rev. Cn. Sandy Graham. This staff position is both the Executive Officer and focuses on working with regions and congregations to equip leaders (lay and ordained) to engage in God's mission in these islands. Particular focus is given to congregational development, stewardship, and formation (especially as it strengthens lay and clergy leaders and advances the mission of the Church to make disciples.) This staff person will also encourage and help equip congregations to establish alternative Christian communities and reach new populations. All compensation was frozen in 2021 at 2020 levels. This line assumes a 3% increase.

Page 7, Line 9e: Office Support (Part-time)

All compensation was frozen in 2021 at 2020 levels. This line assumes a 3% increase for 2022.

Page 7, Line 9f: Treasurer and Planned Giving Officer

This paid position will be eliminated upon the retirement of Peter Pereira in late 2021. The

selection of a volunteer Diocesan Treasurer is in process.

Page 7, Line 9g: Controller

This line item represents the compensation and benefits (health insurance, pension, etc.) for the Diocesan Controller, Mr. Danny Casey. The Controller performs the following tasks and functions: Accounts Payable, General Ledger, Preparation of financial statements and reports, work with diocesan treasurers so they can report to governance bodies, non-diocesan grants support to churches, bank liaison, loans, audit preparation, church financials / financial section Parochial Reports review. DSC liaison to Commission on Investments and Commission on Finance and Budget.

Page 7, Line 9h: Financial Support Administrator

This line item covers the compensation and benefits (health insurance, pension, etc.) for a new position created by the recent DSC reorganization which performs the following tasks and functions: Process payroll for Missions and TECH, office support to Commissions on (1) Finance and Budget; (2) Property and Insurance; (3) Investments, billing statements, accounts receivable.

Page 7, Line 9i: Operations Manager

This line represents the compensation and benefits (health insurance, pension, etc.) for the Operations Manager, Ms. Rae Costa. This position is responsible for the following tasks and functions: Insurance, licenses and leases of congregations, diocesan property issues and contracts, human resources, DSC operations. DSC liaison to Commission on Finance and Budget and Commission on Property and Insurance.

Page 7, Line 9j: Communications & Event Coordinator

This line item covers the compensation and benefits (health insurance, pension, etc.) for a new position created by the recent DSC reorganization which performs the following tasks and functions: E-Chronicle, website, social media, special notices and/or announcements, special events and activities, and coordination of the Annual Meeting.

Page 7, Line 10a: Archives

This line item covers the cost to maintain the archives for the Diocese of Hawai'i, including archival supplies, pest management, reproduction of images from other institutions, exhibits, and attendance by our volunteer Diocesan Historiographer at a professional development conference. The current archives location is too small. Plans are being made to move the Archives into the Diocesan Conference Room.

Page 7, Line 10b: Audit Expenses – Diocese

This line item covers the cost of contracting with a certified public accounting firm to conduct an audit of the Diocesan financial records and to prepare a report as annually required by the Canons of the Episcopal Church.

Page 7, Line 10c: Chancellor's Expenses

This line item allows the Chancellor to participate in the Western Chancellors' Conference, and provides access to a computer research service and certain publications in support of the

legal assistance that the Chancellor gives to the Diocese and its congregations and institutions.

Page 7, Line 10d: Church Internet/Website support

This line item provides partial assistance with the costs of maintaining the websites for Churches.

Page 7, Line 10e: Contract Communications Services

This covers the contract for the Editor of the e-Chronicle and Webmaster of the Diocesan website. Increase is to bring this more in line with market rates. NOTE: This amount does not cover contractor's work for individual churches

Page 7, Line 10f: CPA Contract Services

This line item covers outsourced CPA services needed as a consequence of in-house CPA Peter Pereira's retirement in late 2021.

Page 7, Line 10g: Diocesan Convention

This line item covers unreimbursed costs of holding the Annual Meeting of Diocesan Convention, including venue costs, supplies, materials, and postage. This cost is net of registration fees/meals.

Page 7, Line 10h: Directors & Officers Insurance

This is used to pay the premiums for liability insurance for The Episcopal Church in Hawai'i from errors and omissions by its directors, officers and volunteers. The insurance premium is based on claims experiences and market conditions.

Page 7, Line 10i: General Convention Deputy Support Reserve Fund

This line item provides the annual allocation to a reserve fund to be held over three years to support the eight deputies (four clergy and four lay), the first alternate for clergy, and first alternate for lay from our Diocese who attend the triennial General Convention of the Episcopal Church. The next one was scheduled for July 2021, but has been postponed (because of the pandemic) to July 2022 in Baltimore, Maryland. The next General Convention following 2022 is currently scheduled for 2024 (and will include the election of a new Presiding Bishop).

Page 7, Line 10j: Legal and Related Expenses

This represents legal, ethical, Disciplinary Board, and related costs incurred by the Diocese. Unexpended funds from this line item up to \$5,000 per year will be set aside as a reserve to cover potential future legal expenses.

Page 7, Line 10k: Office Expenses

This line item includes telephone, copying costs, equipment maintenance, subscriptions, postage, equipment purchase, supplies, etc.

Page 7, Line 10l: Property - Cluett

The Diocese owns the Cluett apartments located on Queen Emma Square. Management of the

apartments is contracted out to a property manager. Research into demolishing the building (and possibly replacing with landscaping and/or parking) are in the works, so this budget is assuming 6 months of expenses.

Page 7, Line 10m: Property - Diocese

This account covers expenses related to Queen Emma Square, such as general liability and umbrella insurance and the cost of maintenance of the trees on the Diocesan parking lot.

Page 7, Line 10n: Property Taxes – Cluett Apartments and Parking Lot

This line item pays the property taxes on the parking lot and the Cluett apartments rented for income by the Diocese.

Page 7, Line 10o: Province VIII Quota

This line item funds the voluntary assessment the Diocese pays to the Province. Hawai'i is part of Province VIII of the Episcopal Church, and this is the amount the Diocese pays to help with Provincial programs and administration.

Page 7, Line 10p: Staff Continuing Education

This line item covers the cost of continuing education for the Diocesan Support Center staff.

Page 7, Line 10q: Storage

This budget item covers the cost of storing records in a secure, off-site location due to space limitations in current office quarters.

Page 7, Line 10r: Technology Support

Included in this line item is the contract for outsourced IT support, software, computer upgrades and the purchase of needed technology.

Page 7, Line 10s: The Episcopal Church Quota (Assessment)

This funds the assessment the Diocese pays to The Episcopal Church nationally to contribute toward its work and ministry. The 2022 assessment is 15% of the 2020 Diocesan income, which includes parochial giving, unrestricted operating investment income, and restricted investment income used to pay operating expenses, minus a \$140,000 exemption. The Diocese of Hawai'i always pays the full ask amount of the General Convention.

Page 8, Line 11a: Memorial Building Capital Reserve Fund

This line item funds the Diocesan Capital Reserve to share costs of capital improvements of the Memorial Building (for example, the roof), where the Diocesan Support Center is housed.

Page 8, Line 11b: Diocesan Office Cleaning Expenses

This budget item covers the cost for cleaning of the Diocesan Support Center.

Page 8, Line 11c: Security Shared with the Queen Emma Square

This is the Diocese's portion of the cost of maintaining security for Queen Emma Square.

The other Episcopal entities on the Square also share in the cost of these services.

Page 8, Line 11d: Shared Cathedral Expenses

The Diocese pays a portion of the Cathedral's maintenance budget because of the presence of the Diocesan Support Center on the second floor of the Memorial Building. This is a non-assessable building use expense reimbursement.

Page 8, Line 12a: Governance Groups Travel

This line covers the cost of travel for meetings of the governance groups of the Diocese, including Standing Committee, Diocesan Council, Compensation Review Committee, Commission on Ministry, and for clergy and warden meetings with the Bishop. This line item has been significantly reduced due to in-person meetings being replaced by Zoom meetings.

Page 8, 12b: Staff Travel

This line item supports the ministries of members of the Diocesan Support Center by funding travel for meetings, consultations, conferences, and church-related programs. This line item is being reduced as off-island conferences and meetings are being suspended and online/virtual conferences and meetings are being encouraged.

Page 8, Line 13a: Kapolei land

This budget line pays the property taxes and other expenses to maintain property in Kapolei. As there is not currently a Church building on the site, the Diocese must pay property taxes.

Page 8, Line 13b: Medigap Program

This line item provides a subsidy to eligible qualified retired clergy (and their spouses) and qualified lay employees of the Episcopal Church in Hawai'i (Diocesan Support Center staff) to cover a portion of their Medigap insurance costs. The guidelines for eligibility are currently based on employment status in a compensated position and years of service in the Diocese (at least 10 years before the date of retirement or 20 years in this Diocese even if retiring while serving in another Diocese). CPG is making changes to their program effective Jan. 1, 2022 so the Commission on Finance and Administration will be reviewing this policy and making a recommendation to Diocesan Council in 2022.

Page 8, Line 13c: Diocese Capital Expenditure Reserve Fund

This line item is to fund future capital expenditures such as the archives.