

EPISCOPAL DIOCESE OF CHICAGO

Narrative Budget 2022

Overview

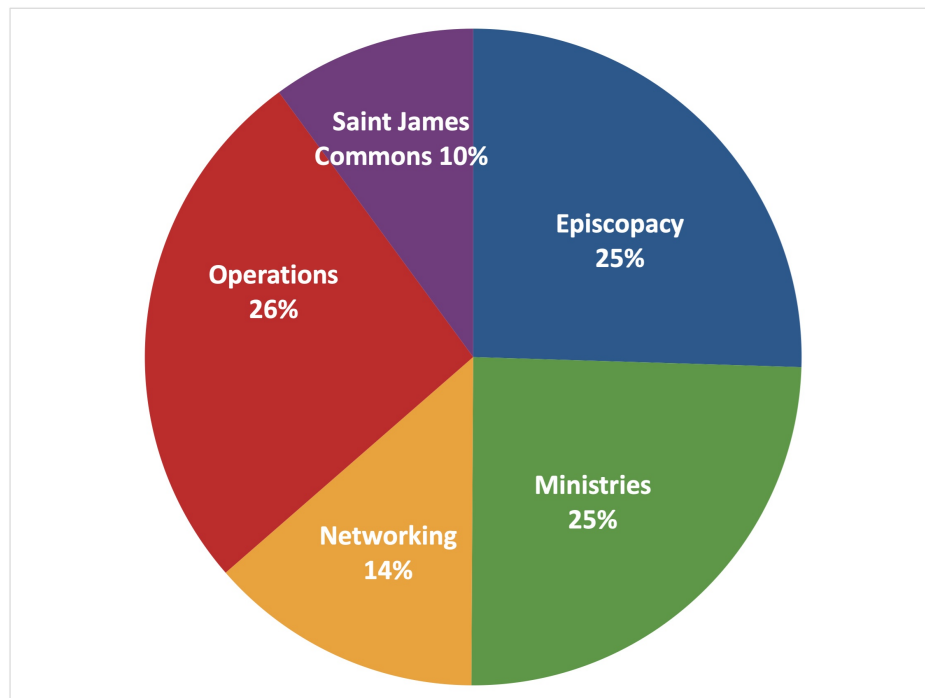
2021 has been a year like no other in the history of the Diocese of Chicago. The pandemic continued to curtail in-person work and gatherings; the ordination and consecration of Bishop-elect Paula Clark was postponed indefinitely; and the Standing Committee remained the ecclesiastical authority. This unexpected interim period resulted in lower-than-expected expenses as vacant staff positions were left unfilled and in-person events, including Camp Chicago, were cancelled. The diocese did not draw from the Bishop's Funds in 2021. The 2022 budget is balanced with \$1.08 million from the Bishop's Funds. Projections indicate that at the current rate of draw, Bishop's Funds that are available to fund diocesan operations will be depleted by 2025, but the leaders of Diocesan Council, the Trustees of the Endowment, and Bishop and Trustees agree that these funds are the best way to balance the operating budget from 2022 to 2024. During that time, the new bishop will have the opportunity to discern a sustainable staffing structure and the sale of 65 E. Huron, which will create an endowment-like fund for the diocese, will proceed.

The 2022 budget assumes that most regular operations will resume in-person during the year.

Expenditures

Episcopacy

The episcopacy budget typically supports the bishop's compensation and that of her executive assistant, expenses necessary to the office, and the Diocese of Chicago's mandatory 15% assessment to support the budget of The Episcopal Church. In 2022, this area of the budget also includes expenses for the assisting bishop, the ordination and consecration of Bishop-elect Clark and for the Lambeth Conference, a gathering of bishops from the Anglican Communion that is scheduled to take place in July and August.



Expenditures (continued)

Nevertheless, it is only slightly higher than the 2021 budget, which anticipated only one bishop, but over-budgeted for insurance and housing to accommodate the potential needs of a new bishop who had not yet been elected. Although we have budgeted for 12 months of the diocesan bishop's expenses, Bishop-elect Clark's compensation and benefits are covered by Church Pension Group insurance until she returns to work.

The budget for The Episcopal Church assessment is reduced by 13.4% from 2021 due to lower operating income in 2020, the year on which the 2022 assessment payments are figured. Overall, the episcopacy expenses in the budget are projected to increase 3.3% in 2022.

Ministries

Director of Ministries Andrea Mysen and her staff provide congregational development programs, including the College for Congregational Development, support congregations during transitions, help to place and orient new clergy, assist in times of difficulty, and support youth and campus ministry, including Camp Chicago. In 2022, the ministries budget will decrease by about 1.4% from the 2021 budget. Two associate positions in this department are currently vacant; the 2022 budget provides nine months of funding for each in the event that the new bishop chooses to fill them.

Networking

Director of Networking Crystal Plummer and her team oversee community outreach, fundraising and communications. In 2022, this budget will increase by about 14.7%. The primary increase is nine months of funding for a currently vacant associate position in the event that the new bishop chooses to fill it.

Operations

Director of Operations Courtney Reid and her team manage accounting and finance, human resources, St. James Commons operations, property management, risk management and support for the Bishop & Trustees. In 2022, the budget for this team will increase by more than 8% to accommodate an in-person diocesan convention; the reopening of the Nicholas Center, which will be offset by additional revenue; and nine months of funding for a currently vacant associate position in the event that the new bishop chooses to fill it.

St. James Commons

This portion of the expense budget reflects the cost of operating the physical plant of St. James Commons. In 2022, this area of the budget will decrease by about 5.9% from the 2021 budget due to savings from a new electricity contract through the Community Purchasing Alliance.

Contributions

Income from Congregations

Approximately 50% of the diocese's operating income comes from annual common mission share pledges. Our guidelines ask each congregation to pledge between 11% and 15% of its normal operating income to support our common life. For 2022, we project that this amount will total \$2,075,000, which represents a 6% increase from the 2021 budget, but a 5.9% decrease from the pledges received in 2020. We believe this decrease is due largely to the ongoing impact of the COVID-19 pandemic on many of our congregations.

Income from Bishop's Funds

The Bishop's Funds, created in 1853, and formally known as The Bishop of Chicago and His Successors in Office Funds Account, is a collection of funds to benefit the diocese, its congregations and agencies and is held separate from the Diocese's operating endowment. In 2022, we will draw \$1.08 million, or 25%, from the Bishop's Funds for

expenses. \$160,000 of that amount is income, while \$920,000 is corpus. The Bishop's Funds available to support operations will be depleted in 2025.

Income from the Endowment

The diocesan endowment, begun in 1898, comprises funds donated to the diocese for its ongoing support. According to its spending policy, the withdrawals from the endowment cannot exceed 4.5% of a 36-month trailing average (i.e. 4.5% of the average of the fund's value over the past three years). The funds available to support the diocesan budget were valued at \$4.08 million on September 30, 2021. For 2022, we anticipate that the fund will grant \$263,368 to support the diocese's operating budget. The new Fund for the Episcopacy, which now totals \$2.81 million, contributes \$106,882 of that amount to support the Office of the Bishop. In addition, in 2021 the Trustees of the Endowment contributed \$250,000 to support the expenses of the new assisting bishop through 2022.

To learn more about the budget, contact:

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Contributions

Income from Bishop & Trustees

The Bishop & Trustees are an elected body that holds title to and oversees the use of the real property of the mission congregations of the diocese and also hold title to St. James Commons. They approve the diocesan budget as well as purchases, sales, and construction projects involving mortgages and real estate. The funds that the Bishop & Trustees can contribute to the diocesan operating budget fluctuate with the revenue it receives from property sales; their practice is to contribute 10% of net proceeds to the operating budget. In 2021, we do not anticipate any income in this line.

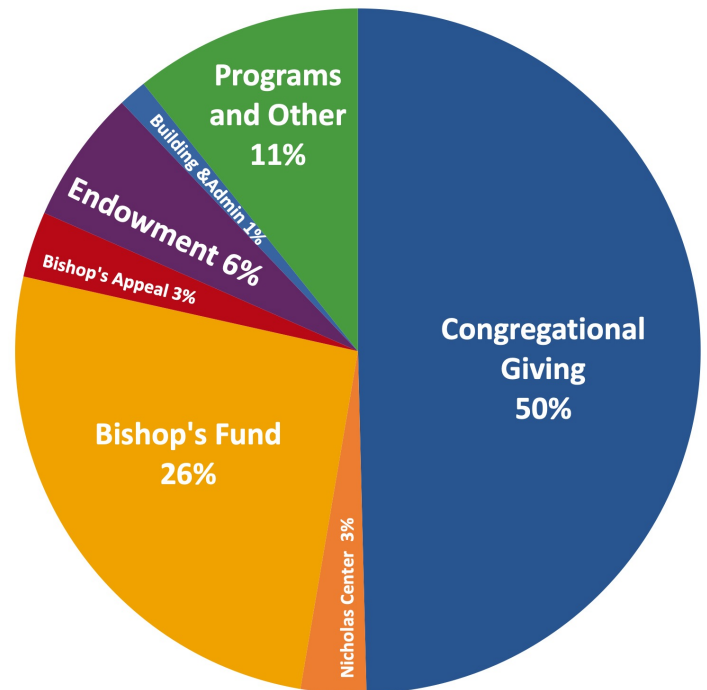
The Bishop & Trustees income listed on the budget under “Other Support and Revenue” includes \$320,000 in funds from its corpus that are available for congregational vitality grants. These funds are essential to the vitality of our congregations and are restricted for this use. An additional \$200,000 is reserved for capital needs and repairs at mission congregations.

Income from Programs & Other Sources

We receive pass-through income from a variety of offerings and appeals to support our companion dioceses in Renk, South Sudan, and Southeast Mexico. We also manage funds for Province V of the Episcopal Church and the Clergy Relief Society, a fund that supports retired clergy and their spouses.

Income from Building & Administration

The costs of operating St. James Commons and some administrative services are shared with St. James Cathedral, Episcopal Charities and Community Services, which are housed at 65 E. Huron.



Income from the Nicholas Center

The Nicholas Center is a break-even operation for the Diocese of Chicago. It is operated by the bishop's staff and incurs no staff costs of its own. It generates earned revenue from events, retreats, and other rentals. We anticipate that the Nicholas Center will return to regular occupancy in 2022.

Bishop's Appeal

We project that the 2022 Bishop's Appeal will raise \$130,000.

Miscellaneous Income

After several years of delay, the diocese has begun receiving distributions from the Idwal Hughes Trust, a gift given to the diocese in 2018. We received \$410,000 in 2021 and will receive about \$250,000 per year through 2027.