

EPISCOPAL DIOCESE OF CHICAGO

Narrative Budget 2025

Overview

In 2024, the Diocesan Council authorized the formation of a finance committee which, with input from all governing entities of the diocese, was charged with advising Bishop Paula Clark on the development of a path for long-term financial sustainability in the Diocese of Chicago. The 2025 budget reflects the thoughtful and diligent work of the bishop's staff and the Diocesan Finance Committee to make progress toward a sustainable financial future.

Net of pass-thru obligations, the 2025 budget projects operating expenses of \$3,812,570 supported by contributions of \$3,019,411. As in previous years, this budget reflects a deficit. However, as part of a proposal to decrease deficit levels incrementally but deliberately over the next several years, the 2025 deficit is reduced by over \$250,000 compared to the 2024 deficit. Importantly, in anticipation of future efforts, the 2025 budget provides funding for an inclusive strategic planning process that will be responsive to the needs and concerns of the diocese and further aligns diocesan spending and revenue projections with renewed priorities.

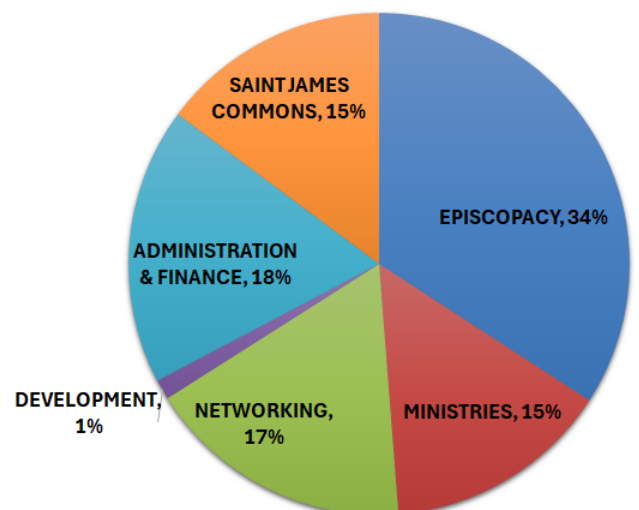
For 2025, the deficit amount of \$793,148 will be offset by monies drawn from the Bishop's Funds. In this first phase of planning, the leaders of Diocesan Council and Bishop & Trustees agree that this approach is the best way to balance the operating budget while Bishop Clark, the leadership team, and the diocesan community chart next steps in a sustainable path forward for the diocese.

While there is great interest in the continuing work of Bishop & Trustees to sell the property at 65 E. Huron, the Finance Committee built this budget without any assumptions about the potential proceeds from the sale. Instead, the focus is on the long-term financial sustainability of the diocesan operations. Work to decrease the deficit is an ongoing activity that requires adjusting both revenue and expenses and will provide for a promising future.

Expenditures

This budget reflects a time of transition within the bishop's office. It is anticipated that staffing and budget structures will change in 2025 to better match the work and priorities identified in the upcoming strategic planning process. However, without that clarity at the time of drafting, this 2025 budget continues to utilize the historic department structure for expense breakout.

Expenditures



Episcopacy

The episcopacy budget supports the bishop's compensation, expenses necessary to the office, and the Diocese of Chicago's mandatory 15% assessment to support the budget of The Episcopal Church. It accounts for the compensation of the bishop's executive assistant, chaplain, canon to the ordinary, and the new part-time archdeacon position.

The episcopacy budget also includes funding for a strategic planning process, support for the annual clergy conference and chrism mass, and is partially offset by a reduction in travel and large events.

In keeping with these changes, the episcopacy budget for 2025 will increase by \$31,751 from the 2024 budget, and \$16,290 from the 2024 forecasted results.

Ministries

The ministries department provides lay and clergy leadership development programs including the College for Congregational Development. Further, the budget supports congregations during transitions, helps to place and orient new clergy, assists in times of difficulty, and supports youth and campus ministry initiatives.

The ministries budget reflects a plan to charter a volunteer council who will discern and advise regarding program and networking opportunities for children and youth in the diocese. For the 2025 season, the decision has been made to not hold Camp Chicago. Due to staffing changes, the 2025 ministries compensation budget will also decrease.

Overall, the ministries budget for 2025 will decrease by \$222,221 from the 2024 budget, but only \$37,201 from our current 2024 forecast.

Networking and Development

The networking team oversees community outreach and communications. In 2025, the networking budget includes the budget lines for the Antiracism Commission, Peace & Justice Committee, Hunger Committee, Commission on Global Ministries, and Sanctuary Taskforce. The budget will increase by \$15,180 in 2025; however it will decrease by \$11,055 from the 2024 forecast.

The 2025 development budget includes increased support for fundraising initiatives overseen by the recently-created canon for development role. The development efforts focus on increasing gifts and grants to support the diocese's operating budget and endowment funds.

Administration and Finance

Administration and Finance includes expenses related to human resources, accounting and financial reporting, office operations, risk management, and staff development. The 2025 budget will decrease \$123,829 from 2024, reflecting staffing changes, the outsourcing of St. James Commons (SJC) engineering and maintenance costs, and the transfer of a portion of these expenses to the SJC budget (see below).

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St. James Commons

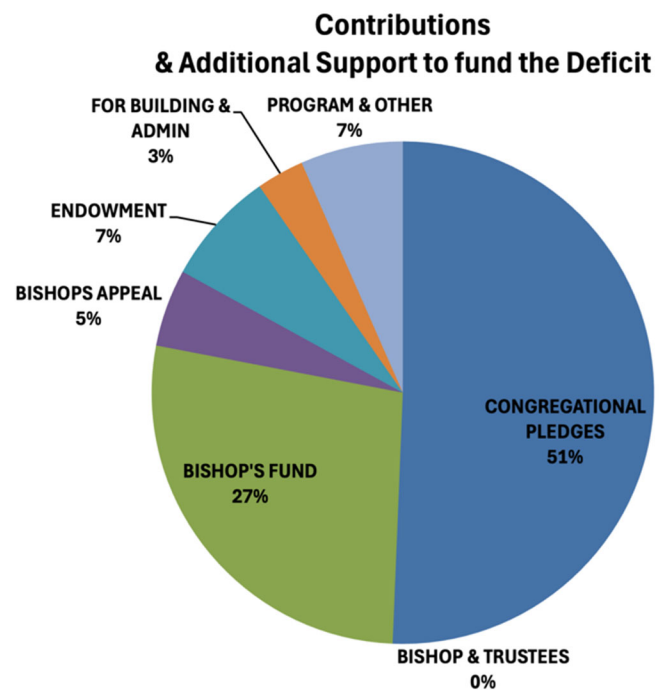
This expense budget reflects the cost of operating the physical plant of St. James Commons. In 2025, this budget will increase by \$110,644 from 2024 due to rising insurance rates, and addition of the cost of a property management company for 65 E. Huron that provides the knowledge and experience needed to manage the building engineering and equipment.

Contributions

Income from Congregations

About half of the diocese’s operating income comes from congregations’ contributions via annual common mission share pledges. Diocesan guidelines ask each congregation to pledge between 11% and 15% of its normal operating income to support our common life. In practice, the diocese receives an average of 5.6%.

In 2025, we project that pledges will total \$1,930,920: a 10% decrease from the 2023 actual, and a 2.5% decrease from the 2024 projection. A challenge in the coming years will be the reversal of this downward trend.



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 and its congregations and agencies, and is held separately from the diocese’s operating endowment. In 2025, we will draw \$1,043,148, or approximately 20%, from the portion available to fund operating expenses. \$250,000 of that amount is investment income, and \$793,148 is corpus provided to offset the year’s projected deficit.

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 the fund’s average year-end value over the past five years.

The general endowment funds available to support the diocesan budget were valued at \$4.1 million on September 30, 2024. For 2025, the general endowment fund will grant \$167,590 to support the diocese's operating budget. The Fund for the Episcopacy, which now totals \$2.78 million, will contribute \$112,309 to support the Office of the Bishop, for a total of \$279,899.

Income from Bishop & Trustees

The Bishop & Trustees is an elected body that holds title to and oversees the use of the real property of the mission congregations of the diocese, and also holds 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; the practice is to contribute 10% of net proceeds to the operating budget. In 2025, we do not anticipate any income from property sales.

Income from Building & Administration

The costs of operating St. James Commons and some administrative services are shared with St. James Cathedral and Episcopal Charities, which are housed at 65 E. Huron. The diocesan operating budget subsidizes their space use as part of our common mission, and in 2025, we budgeted income in this line to remain flat.

Bishop's Appeal

We project that the 2024 Bishop's Appeal will show an increase over previous years due to the continuing work of our canon for development to elevate our diocese's culture of giving. For 2025, Bishop's Appeal and other fundraising initiatives are budgeted to raise an additional \$83,376 in support for the mission and ministry of the diocese.

Program and Other

This income includes revenue from diocesan program fees and registrations as well as distributions from the Hughes Trust, a gift given to the diocese in 2018. In 2025, we anticipate receiving approximately \$188,228 from the trust. Reduced fee-based programming, including the 2025 cancellation of Camp Chicago, has decreased the budgeted program revenue by \$94,372.

Other Support and Expenditures

Though held in diocesan accounts and managed by the bishop's staff, these pass-thru transactions address other activities of the diocese and do not impact the operating budget:

Pass-Through Contributions

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.

Bishop & Trustees

The Bishop & Trustees income listed on the budget under "Other Support and Revenue" includes funds from its corpus that are available for congregational vitality grants and capital needs and repairs at mission congregations.

For more information about the 2025 budget contact Andrea Mysen, Canon to the Ordinary and Chief of Staff, at 312.751.4203 or amysen@episcopalchicago.org.