

EPISCOPAL DIOCESE OF CHICAGO

Administrative & Program Fund 2026 Narrative Budget

Overview

In 2024, the Diocesan Council authorized the formation of a finance committee charged with advising Bishop Paula Clark on steps toward the long-term financial sustainability of the Diocese of Chicago. With input from all governing entities of the diocese, the committee created a financial model outlining the necessary work of decreasing the operating budget deficit, and hosted diocesan information sessions during the budget planning process to increase transparency. The 2026 Administrative & Program (A&P) Fund budget reflects the continued work of the diocesan finance committee and the bishop's staff on those goals.

The 2026 budget projects operating expenses, net of pass-thru obligations, of \$3,918,450 supported by contributions of \$3,341,635. As in previous years, this budget reflects a deficit. However, as part of the finance' committee's five-year plan to decrease deficit levels **incrementally but deliberately**, the 2026 deficit is \$215,000 less than the 2025 deficit.

Additionally, the 2026 budget aligns diocesan spending and revenue projections with renewed priorities identified through the ongoing strategic planning process thanks to participation from members and clergy across the whole diocese. The four priorities are highlighted as budget areas in the 2026 budget:

- Build a Sustainable Future
- Develop Leaders, Deepen Faith & Foster Connections
- Sustain Healthy & Vital Congregations
- Engage in Social Outreach & Prophetic Witness

For 2026, the deficit amount of \$576,815 will be offset by monies drawn from the Bishop's Funds. While incrementally decreasing the deficit, the finance committee continues to engage in conversations with diocesan leaders on how best to make further adjustments toward sustainability without drastically reducing our diocesan capacity for mission and ministry. Work to decrease the deficit is an ongoing activity that requires adjusting both revenue and expenses and will provide for a promising future.

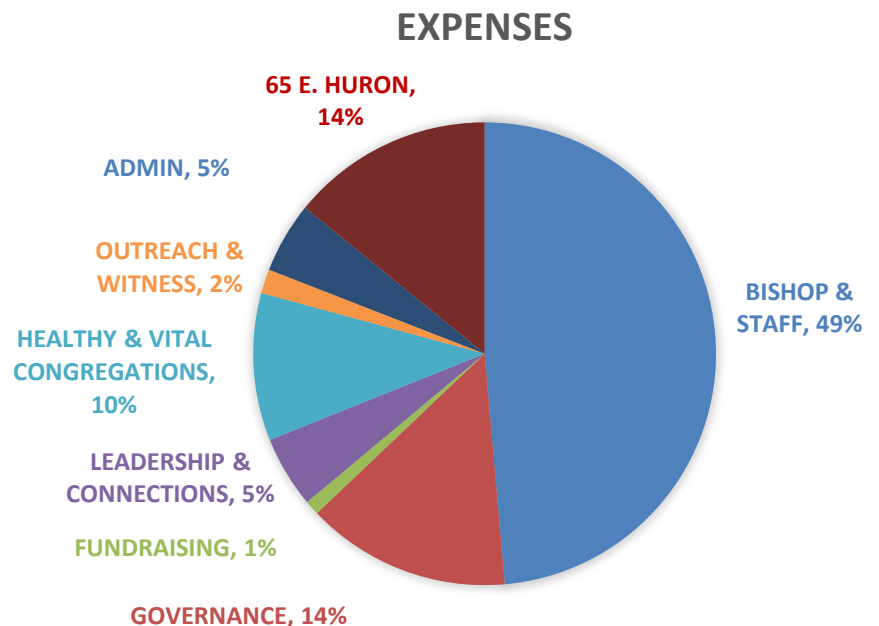
In response to the ongoing concerns about the sustainability of maintaining the facility at 65 East

Huron Street through the diocesan program budget, Bishop & Trustees has agreed to support a portion of the 2026 expenses related to 65 East Huron Street with a \$350,000 grant. In kind, the 2026 vitality grants totaling \$275,000 that were previously funded by Bishop and Trustees will now be carried by the operating budget.

While there is great interest in the continuing work of Bishop & Trustees to sell the property at 65 East Huron, the bishop’s staff and finance committee built this budget without any assumptions about the potential proceeds from its sale. Instead, the budget focuses on aligning allocations with the strategic priorities and canonical requirements that were identified by the diocese as a whole during the exploratory period of the strategic plan.

Expenses

This budget is outlined by the four priority areas noted above, plus administrative and property expenses. The budget reflects an overall increase in expenses compared to the 2025 budget, however a significant portion of that increase is the shift to funding Vitality Grants as a diocesan operating expense. Otherwise, there are reductions in staff, program expenses, and administrative expenses to continue the deficit reduction initiative.



Build a Sustainable Future

Bishop & Staff

In recognition of the collaborative working style of the bishop’s staff and their adjusted areas of responsibility, all staff compensation is reflected in a single line in the 2026 budget, with travel expenses similarly combined under the Bishop & Staff budget heading. Despite rising benefit costs, the total 2026 compensation decreased due to the elimination of two full-time positions.

There is an increase in the temporary staff and consulting lines, as we look to support essential programming around clergy and congregational development, and an additional part-time position is budgeted to support the Commission on Ministry. While the bishop's staff are clearly dedicated to meeting the needs of our congregations and governing bodies, it is worth noting, as it was in the Finance Committee budget education sessions, that many program areas would benefit from having additional and more dedicated staffing, which current budget limitations are unable to support in 2026.

Overall, this budget area sees a decrease from \$2,063,431 in 2025 to \$1,904,671 in 2026.

Canonical & Governance

The work of the diocese requires certain participation and governance from both the bishop and congregations, and therefore the budget area of Canonical & Governance holds these required expenses. In 2026 our pledge to The Episcopal Church, based on 2024 operating expenses less a \$200,000 exemption, will increase 5% to \$420,089.

The work of the strategic plan continues in 2026 as our consultants help us implement the goals we have outlined, and \$30,000 has been budgeted for this continued effort. We also plan a hybrid diocesan convention in 2026 with expenses of \$67,800.

These plans and priorities increase our budget from \$482,787 in 2025 to \$560,079 in 2026.

Fundraising

As our strategic plan has helped us reaffirm, fundraising is an integral part of building a sustainable future. The 2026 fundraising budget of \$40,000 includes monies for direct mailing expenses, as well as support for programs that will resource our congregations and build their development capacity.

Develop Leaders, Deepen Faith & Foster Connections

This budget area provides lay and clergy leadership development opportunities, supports youth ministry initiatives, hosts diocesan liturgical events and gatherings, and supports communications to foster deeper connections. Specific changes include an increase of the Youth Advisory Committee programming budget to \$10,000 in 2026. The Fresh Start program and Clergy Retreat expenses remain the same.

Adjustments to our communications strategy have included bringing all editorial functions in house and emphasizing congregation-driven storytelling in newsletters and social media, resulting in a budget decrease of 38%. Nonetheless, communications

continues as a top priority to build connections between leaders and congregations. This budget area sees a decrease from \$242,230 in 2025 to \$195,960 in 2026.

Sustain Healthy & Vital Congregations

The biggest change in the 2026 budget is the funding of the Vitality Grants that have previously been funded by Bishop & Trustees. Administered by a representative committee, Vitality Grants launching new endeavors and continuing successful ministries are an essential part of sustaining healthy and vital mission and parish congregations. The grant budget of \$275,000 has not changed from 2025, but is now covered by the diocesan operating budget, increasing this budget area from \$155,660 in 2025 to \$404,000 in 2026.

Another key factor in sustaining congregations is training lay and clergy leaders in congregational development. The College for Congregational Development will transition to a weekend format in 2026 with the intention of making the program more affordable and more accessible.

Social Outreach & Prophetic Witness

Our Justice Ministries continue to do incredible work, supported by funding from the operating budget and by a renewed partnership and co-operative working relationship with Episcopal Charities. Some notable changes:

- In 2026, the EcoDio Chicago Taskforce is included in the budget, with program plans to move church properties toward Net Zero as outlined in their 2025 resolution.
- The Sanctuary Committee's budget line continues legal and housing support to community members seeking asylum and support during detention.
- The grant-funded "Repent, Repair, Reconcile" work of the Anti-Racism Commission has ended its most recent phase; their budget decrease reflects a continuation of training, planning, and support.

Overall, this budget area decreased slightly from \$67,995 in 2025 to \$66,020 in 2026.

Administration

This budget area includes expenses related to office operations, insurance, the annual audit, and other professional fees. Efforts to reduce expenses have streamlined this budget from \$222,073 in 2025 to \$194,170 in 2026.

Saint James Commons

This expense budget line reflects the cost of operating the physical plant of St. James Commons. Despite the increasing costs of utilities and management, in 2026, this budget will increase by only \$17,906 to \$553,550 due to careful expense management. These expenses are offset by the Bishop & Trustees grant of \$350,000 in recognition of the growing expenses and continuing sale process for the property.

Contributions

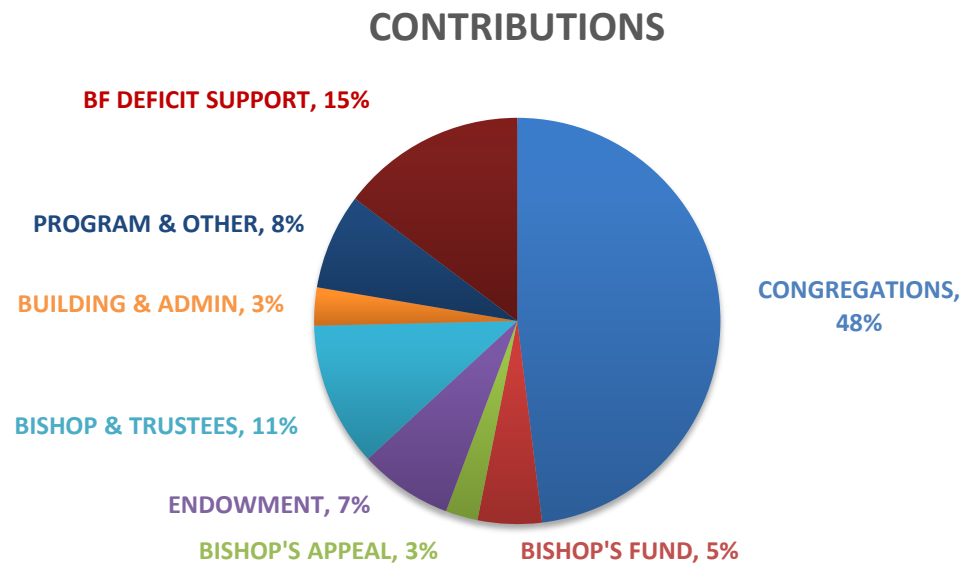
Income from Congregations

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 contributions that average **5.5%** of our congregations' operating income, which have been decreasing annually for several years.

In 2026, we project that pledges will continue to decrease, with contributions totaling \$1,882,647: a \$48,273 decrease from the 2025 budget. A challenge in the coming years will be the reversal of this downward trend and work toward greater participation in our diocesan mission from congregations both big and small.

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 for the benefit of the diocese and its congregations and agencies, and is held separately from the diocese's operating endowment. In 2026, we will draw \$776,815 from the portion available to fund operating expenses. \$200,000 of that amount is investment income, and \$576,815 is corpus provided to offset the year's projected deficit. This is a decrease of \$266,333 or 25% compared to the 2025 budget.



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 \$4.39 million on September 30, 2025. For 2026, the general endowment fund will grant \$171,577 to support the diocese's operating budget. The Fund for the Episcopacy, which now totals \$2.98 million, will contribute \$119,833 to support the Office of the Bishop, for a total of \$291,460.

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 holds title to St. James Commons. They approve the diocesan budget as well as purchases, sales, and construction projects involving mortgages and real estate. In recognition of the ongoing sale conversations and rising property management costs, the Bishop & Trustees approved a \$350,000 grant in 2026 to support the expenses related to managing St. James Commons.

It is also anticipated that Bishop & Trustees will sell closed church property in 2026. Bishop & Trustees practice is to contribute or tithe 10% of net proceeds of property sales to the operating budget. In 2026, \$100,000 is budgeted as an estimated contribution 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 East Huron. The diocesan operating budget subsidizes their space use as part of our common mission, and in 2026, we budgeted this income to remain flat as building sale conversations are ongoing. A slight increase from Diocesan Foundation administrative contributions raises this income stream to \$118,000 in 2026.

Bishop's Appeal

For 2026, Bishop's Appeal and other fundraising initiatives are budgeted to raise \$105,000 in support for the mission and ministry of the diocese.

Program and Other

This area 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 2026, we anticipate receiving approximately \$188,228 from the trust. The addition of an in-person convention has a significant impact on the \$44,725 increase in budgeted program revenue.

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 A&P budget under "Other Support and Revenue" includes funds from its corpus that are available for capital needs and repairs at mission congregations as well as funding the Director of Property Management position.

For more information about the 2026 budget contact Rebecca Elfring-Roberts, Director of Finance, at 312.751.6726 or rroberts@episcopalchicago.org.