EPISCOPAL DIOCESE OF CHICAGO

Administrative & Program Fund
2027 Narrative Budget

November 5, 2026

Overview

"Write the vision; make it plain on tablets, so that a runner may read it."

— Habakkuk 2:2

A budget is a statement of faith as much as a financial plan: it says in dollars what we believe God is calling us to be and to do together. This is the third budget shaped by the Diocesan Finance Committee's five-year plan for financial sustainability and the second informed by the strategic planning process. It is the first that will be in effect as the task forces' recommendations begin to be put into practice.

Background: The Episcopal Diocese of Chicago is a community of more than one hundred Episcopal congregations in Chicago and across northern and central Illinois, led by Bishop Paula Clark. Our congregations are suburban, rural, and urban, some led by clergy and some by lay people. The Administrative & Program (A&P) Fund is the diocese's operating budget: the money that pays for the diocesan staff and for the shared programs, grants, and ministries that serve all congregations.

Budget Oversight: Diocesan Council is the representative body that carries on the work of the diocese between annual meetings of Diocesan Convention. It receives and administers funds for diocesan programs and administration, prepares and approves the A&P budget before sending it to Bishop & Trustees for review and approval, and oversees the Vitality Grants program. Its members, one priest or deacon and one lay person from each of the diocese's ten deaneries, are nominated by their deaneries for three-year terms and affirmed by Convention; the Bishop appoints its warden.

Deficit Reduction: In 2024, at Bishop Clark's request, Diocesan Council formed a Finance Committee, which set out to decrease the operating deficit incrementally but deliberately over five years. It has started that work. The deficit has fallen from more than $1 million in the 2024 budget to less than $600,000 in the 2026 budget, and the 2026 forecast now anticipates a deficit of less than $400,000, well below budget, thanks largely to stronger-than-expected giving from congregations. (A deficit means the diocese plans to spend more than it expects to take in; the gap is covered from reserves, as explained under Contributions.)

The 2027 Budget: Approved by Diocesan Council on September 19 and by Bishop & Trustees on September 30, 2026, the budget projects operating expenses of $4,137,846, supported by contributions and revenue of $3,567,089. Both figures leave out "pass-through" money: gifts the diocese receives and forwards in full to others, such as our companion dioceses and the Sanctuary Committee's emergency fund. The resulting deficit of $570,757 is nearly identical to the 2026 budget and will be covered by a draw from the Bishop's Funds.

Holding the deficit at the 2026 level, rather than cutting it further, is a deliberate choice by the Finance Committee. The diocese is moving from a season of planning into a season of putting the plan into practice, and the four strategic planning task forces will bring their recommendations to Diocesan Convention in November, after this budget was approved. The Finance Committee concluded that cutting the diocese's capacity further in 2027 could undercut plans still taking shape.

Instead, the budget uses growing congregational support to make two targeted investments in staff. The first is a Canon for Formation, a senior staff member responsible for the spiritual growth and training of lay people and clergy. (“Canon” is the church's title for senior members of a bishop's staff.) The second is the Director of Multicultural Ministry: the position, now vacant, grows from quarter-time to half-time and will be filled through a formal search.

A reader comparing this budget with last year's might conclude that little has changed. The totals are close, most program lines are flat, and the deficit is nearly the same. But the most important change is not in any line item; it is in how the budget was made and how it is being shared. It was shaped by priorities named at the 2025 Diocesan Convention and informed by task forces of volunteers from across the diocese. It was presented in open sessions, is explained in plain language, and is candid about reserves, priorities, and work still to be done. The strategic planning process has invited us into a different way of thinking about our shared work — we are all the Diocese of Chicago — and this budget, and the way it was made, share that vision.

	2026 Budget	2026 Forecast	2027 Budget
Contributions & revenue	$3,341,635	$3,524,981	**$3,567,089**
Operating expenses	$3,918,450	$3,908,209	**$4,137,846**
Operating deficit	**($576,815)**	**($383,228)**	**($570,757)**
Deficit covered from Bishop's Funds principal	$576,816	$576,816	**$570,757**

The budget presents the draw from the Bishop’s Funds at the budgeted amount in every column, including the 2026 forecast, which is why that row does not shrink as the forecast deficit does. Figures are as they appear in the approved budget, which rounds to the dollar.

The Work of the Diocese

A diocese is a family of congregations gathered under the care of a bishop, sharing one ministry across a region. The Catechism of the Book of Common Prayer teaches that the mission of the Church is *“to restore all people to unity with God and each other in Christ.”* A diocese carries out that mission in ways no single congregation can. So this budget first supports the core work of being a diocese: the ministry of the bishop, the training of leaders, support for congregations, participation in the wider Episcopal Church, and oversight of finances and governance. It then aligns spending with the four priorities the diocesan community named in strategic planning listening sessions. These are the budget areas used throughout this document:

- **Building a Sustainable Future**
- **Develop Leaders, Deepen Faith & Foster Connections**

- **Sustain Healthy & Vital Congregations**
- **Social Outreach & Prophetic Witness**

The budget also includes the administrative costs of the diocesan staff's work and the expense of the diocesan offices at 65 East Huron Street, in a building called St. James Commons. The building also houses St. James Cathedral and Episcopal Charities, the diocese's social-service and grantmaking partner, and provides office space for Bexley Seabury Seminary.

Bishop & Trustees (B&T), the elected board that holds title to church property, owns the building and is working to sell it to fund the future ministry and work of the diocese in a sustainable way. For 2027, B&T has again agreed to cover a portion of the building's costs with a $350,000 grant. B&T has entered preliminary negotiations with St. James Cathedral to purchase the building, and those efforts continue. This budget assumes no proceeds from a sale.

The Strategic Planning Process and the 2027 Budget

> *"Then they said, 'Let us start building!' So they committed themselves to the common good."*
>
> — Nehemiah 2:18

Bishop Clark announced the strategic planning process at Convention in November 2024. Through the spring of 2025, a diocese-wide survey, more than seventy interviews, and eight regional gatherings gave the diocese an honest picture of itself — like Nehemiah walking the walls of Jerusalem by night before a single stone was moved. It found financial habits that put our collective future at risk, congregation leaders who felt alone in their work, an unclear sense of shared purpose as a diocese, and sharp differences between congregations.

At Convention in November 2025, four priorities were named for a season of "reinvention and recovery." More than 240 volunteers stepped forward with input and energy. From among them, in March 2026, four task forces of clergy and lay leaders were commissioned to bring back measurable recommendations. Roughly three-quarters of their members came from congregations outside Chicago. The task forces have spent seven months of intensive work in their areas and will report to Diocesan Convention on November 14.

The strategic planning process has made one thing clear: the work ahead is first a change of culture. It means coming to understand the Diocese of Chicago as all of us, not just the Bishop and staff working out of 65 East Huron — becoming in truth "we" the Diocese rather than "they" the Diocese. The budget that follows was built with that in mind.

How the budget reflects what we have learned so far

- **A clearer picture of our finances.** The budget was again presented in an open information session, on September 1, 2026; it is organized by the diocese's own priorities; and it is published with this narrative. The 2025 audits of the A&P Fund and six related entities were completed in July, with a clean opinion on the A&P Fund. The deficit-reduction plan remains on track.
- **Leadership that does not rest on one person.** The newly funded Canon for Formation exists to form lay and clergy leaders at every age and stage; expanded support for

deacons grows an entire order of ministry; and Fresh Start accompanies clergy and congregations through their first years together. None of these depends on a single office.

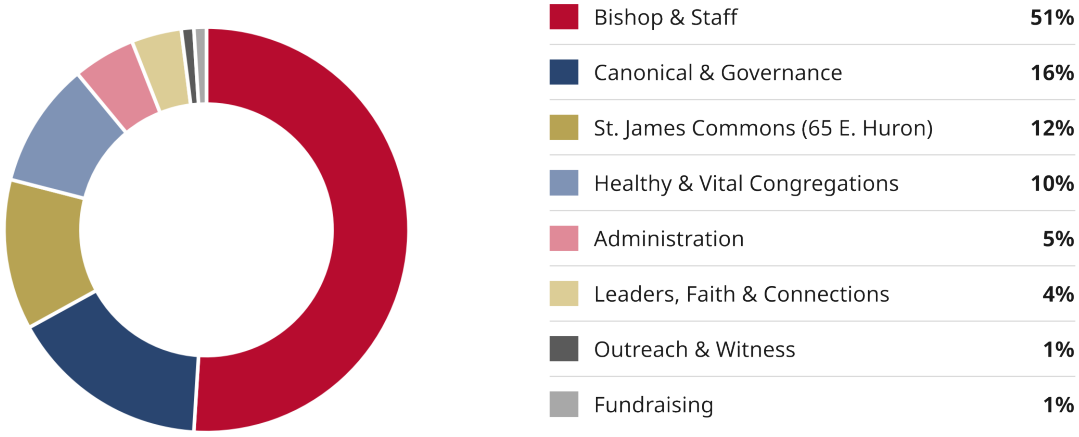
- **Trust and two-way communication.** Rebuilding trust means two-way communication and the telling of all our stories, thriving and figuring-it-out alike. Diocesan communications now emphasize stories told by congregations themselves, and the task forces and an in-person Convention keep the conversation moving in both directions.
- **Working together across congregations.** As a diocese, collaboration should be the default. Funding for deaneries (the geographic clusters into which congregations are grouped) and for Vitality Grants, which support innovation in active but financially strained congregations, continues at full strength.
- **Room for what comes next.** The strategic planning line increases from $30,000 to $50,000 to support the next phase of work and provide modest seed funding as recommendations mature.

Expenses

> *"For which of you, intending to build a tower, does not first sit down and estimate the cost, to see whether he has enough to complete it?"*
>
> — Luke 14:28

2027 Expenses

Share of total expenses by category



The expense budget is organized by the four strategic plan priorities outlined above. Total operating expenses increase from $3,918,450 in 2026 to $4,137,846 in 2027. The $219,396 increase comes from two places, partly offset by reductions elsewhere. One is staff compensation, with the new and expanded positions and rising benefit costs. The other is churchwide obligations, including a General Convention year and a larger pledge to The Episcopal Church. Costs for program areas as a whole, administration, and the maintenance and operations of St. James Commons are flat or lower, though a few individual lines within them have increased.

PRIORITY 1 Building a Sustainable Future

Bishop & Staff

Two things made clear the need for a Canon for Formation on Bishop Clark's staff: the listening phase of the strategic planning process, and a year of careful rebuilding by the Commission on Ministry, the group that guides people exploring a call to ordained ministry. The investment comes after several years in which positions were left unfilled to help the bottom line. The same listening showed the need to grow the Director of Multicultural Ministry position, now vacant, from quarter-time to half-time; it will be filled through a formal search.

In this budget, all staff compensation and travel is shown in a single line. Salaries include a 2.5% cost-of-living adjustment, and benefits reflect a 13% increase in health insurance premiums. Travel is reduced to $64,480 and temporary staff to $3,150. This budget area increases from $1,904,671 in 2026 to $2,114,120 in 2027.

Canonical & Governance

This budget area holds the costs of governing our diocese and of our membership and participation in the wider Episcopal Church. The largest item is our annual pledge to The Episcopal Church. For 2027 our churchwide pledge is based on 2025 operating income less a $200,000 exemption: $437,081. In 2027 the church's governing assembly, General Convention, also meets, as it does every three years, to set the policies, programs, and budget of the wider church. Approximately $50,000 is allocated to send Chicago's elected deputation of clergy and lay members to represent our diocese in Phoenix in July. With Diocesan Convention ($76,050), the archives lease, and the Province V assessment, this area increases from $560,079 to $655,183.

Fundraising & Development

Fundraising is an integral part of building a sustainable future, and more than that: “every generous act of giving, with every perfect gift, is from above” (James 1:17). Giving begins with God's gift to us, and fundraising is the invitation to respond. The 2027 fundraising budget of $45,848 is the cost of extending that invitation well. The Bishop's Appeal ($20,000) covers the design, printing, postage, and online giving tools behind the diocese's direct annual request to individuals across our congregations, which is also where most planned gifts to the diocese first take root. Development ($25,848) covers the year's remaining donor correspondence and year-end giving, access to The Episcopal Network for Stewardship (TENS) membership, the research and writing behind foundation and denominational grant applications, and the planned-giving tools the diocese provides to every congregation at no cost to the parish. Introduced in 2026, GivingDocs is a free will-making platform that provides verified bequest language and donor-facing materials. Most of our parishes have no development staff, and by carrying that cost centrally the diocese lets every congregation, whatever its size, invite its members to remember it in their estate plans — the most durable support a congregation can receive.

PRIORITY 2 Develop Leaders, Deepen Faith & Foster Connections

> *“Bear one another's burdens, and in this way you will fulfill the law of Christ.”*
>
> — Galatians 6:2

The strategic planning process named the personal cost of ministry plainly: too many clergy and lay leaders have felt alone and burned out. This area pays for leadership training, youth

ministry, and diocese-wide gatherings, along with the communications that connect congregations with one another. The gatherings include the annual Clergy Retreat and the Chrism Mass in Holy Week, at which clergy renew their ordination promises.

Support for deacons more than doubles, from $6,000 to $12,410, as the ministry to deacons — clergy ordained to serve in the world, led by the Archdeacon — grows. Fresh Start, which accompanies clergy and congregations through the first years after a new pastor arrives, increases to $22,100. Youth Ministry is held at $10,000 to continue the programming begun by the Youth Advisory Council. Communications decreases from $70,660 to $55,184 as the in-house, congregation-told approach continues to save money. The Leadership Formation and Commission on Ministry program lines are reduced to reflect that work shifting to the Canon for Formation. Overall, this area decreases from $195,960 to $166,044.

PRIORITY 3 Sustain Healthy & Vital Congregations

> *"I planted, Apollos watered, but God gave the growth."*
>
> — 1 Corinthians 3:6

Annual Vitality Grants ($275,000) help congregations launch new ministries or sustain successful ones. They are awarded by a committee of clergy and lay leaders from across the diocese, under the oversight of Diocesan Council, and have been carried by the operating budget since 2026. Allocations to support each deanery ($10,000), ministry on college campuses ($87,000), and multicultural ministry programs ($15,000) continue unchanged.

This budget proposes replacing the multi-day College for Congregational Development with single-day training sessions for clergy and lay leaders that are easier to attend and less costly. A total of $6,050 is budgeted for the program. This area totals $393,050 in 2027, compared with $404,000 in 2026.

PRIORITY 4 Social Outreach & Prophetic Witness

> *"Will you strive for justice and peace among all people, and respect the dignity of every human being?" "I will, with God's help."*
>
> — The Baptismal Covenant, Book of Common Prayer

Our justice ministries are supported by the operating budget and by a growing partnership with Episcopal Charities. Notable changes:

- The Anti-Racism Commission increases from $15,000 to $27,000 to continue its new in-person training for lay leaders, part of the long work The Episcopal Church calls Becoming Beloved Community.
- EcoDio Chicago, the diocese's creation-care group, increases to $10,500 as it works to move church properties toward net-zero emissions, as a 2025 Convention resolution asked.
- The Sanctuary Committee, which accompanies immigrants and people seeking asylum, continues to receive administrative support; its direct relief is funded through a separate pass-through fund.
- The Violence Prevention and Jubilee Ministry lines, and most of the Networking line, were reduced to match recent spending.

Overall, this area decreases slightly from $66,020 to $62,020.

Administration and Saint James Commons

> *"Unless the LORD builds the house, those who build it labor in vain."*
>
> — Psalm 127:1

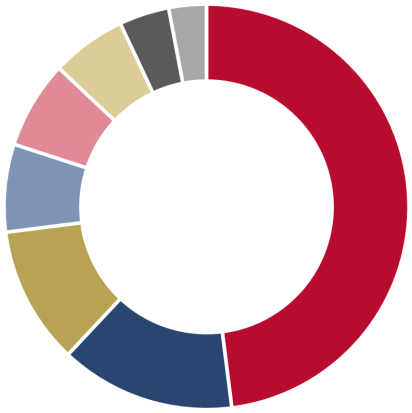
Administration covers office operations, insurance, the annual audit, and professional fees. It falls from $194,170 to $187,581, as a reallocation of insurance costs with Bishop & Trustees offsets higher professional and bank fees. The cost of operating St. James Commons falls by $39,550 to $514,000, mainly through sharing property and liability insurance with Bishop & Trustees and a renegotiated heating-and-cooling contract. These costs are offset by the $350,000 Bishop & Trustees grant. The building represents roughly 12% of the operating budget.

Contributions

> *"For all things come from you, and of your own have we given you."*
>
> — 1 Chronicles 29:14

2027 Contributions & Deficit Support

Share of total contributions and deficit support by source



Congregations (Common Mission Share)	48%
Bishop Fund's Deficit Support	14%
Bishop & Trustees	11%
Program & Other	7%
Endowment	7%
Bishop's Funds Investment Income	6%
Building & Administration	4%
Fundraising	3%

Everything on this side of the ledger is a gift: the offerings of congregations, the generosity of those who came before us, and the trust of partners who share our common life. We receive it as David's prayer teaches — words echoed each week when the offering is brought forward — as God's own, returned for God's purposes.

Income from Congregations

Common Mission Share is the annual contribution each congregation pledges toward the shared work of the diocese. It is the clearest expression in this budget of what it means to be a diocese: that we are, as Paul writes, *"one body in Christ, and individually we are members one of another"* (Romans 12:5). About half of operating income comes from these pledges. Guidelines ask each congregation to give between **11% and 15%** of its regular operating income; in practice congregations give an average of **5.9%**, which is up slightly from the 5.5% average in 2025.

For 2027 we project $2,000,000 in Common Mission Share pledges — a $117,353 increase over the 2026 budget, a modest decrease from the 2026 forecast of $2,010,034, and **the first budget-to-budget increase in congregational giving in nearly two decades.** Congregations give where they trust, and this increase is an early sign of the trust the strategic planning process set out to rebuild.

Income from Bishop's Funds

The Bishop's Funds, created in 1853, is a collection of gifts left over many generations for the benefit of the diocese, its congregations, and its agencies, held separately from the endowment. In 2027 we will draw $812,757 from the portion available for operating expenses. Of that, $242,000 is investment income, the earnings the funds produce. The other $570,757 is principal, the funds themselves, drawn to cover the deficit. The total draw is $35,942 higher than the 2026 budget, entirely because of higher expected investment income; the draw on principal is slightly lower.

The Funds Account as a whole held $20.5 million at December 31, 2025. The portion available to the A&P Fund was about $6.27 million, down from $6.46 million a year earlier; the 2027 draw is roughly 13% of it. Each year the draw continues, that portion grows smaller — which is why the path to a balanced budget matters.

Income from the Endowment

An endowment is a permanent fund whose principal is kept intact while a portion of its earnings is spent each year — *“one generation shall laud your works to another”* (Psalm 145:4). The diocesan endowment, begun in 1898, is overseen by the Trustees of the Endowment Fund. Annual withdrawals may not exceed 4.5% of the fund's average value over the five preceding years. The Trustees may approve more for special needs by a two-thirds vote, as they did in 2024, but no such withdrawal is assumed in 2027.

The general endowment, valued at $4.57 million on December 31, 2025, will provide $175,730 to the 2027 annual budget. The Fund for the Episcopacy, established in 2019 to support the Office of the Bishop and valued at $3.05 million, will provide $120,749. The total is $296,479 in contributions from endowment income.

Income from Bishop & Trustees

Bishop & Trustees (B&T) holds title to the property of the diocese's mission congregations, to closed church properties, and to St. James Commons, and reviews and approves the diocesan budget and all real-estate transactions. For 2027 it will grant $350,000 toward the costs of operating and maintaining St. James Commons. B&T’s practice is to contribute 10% of the net proceeds of property sales to the operating budget — a tithe — and an estimated $100,000 is anticipated from the expected sale of closed church property in 2027. That estimate assumes nothing about the sale of 65 East Huron.

Income from Building & Administration

St. James Cathedral ($75,000) and Episcopal Charities ($36,000) share the costs of the building and administrative services, which the diocese subsidizes as part of our shared mission. The Diocesan Foundation, the diocese's shared investment pool, contributes $7,800. A newer partnership with Bexley Seabury Seminary, an Episcopal graduate school for clergy and lay leaders now holding programs in the building, adds $24,960. The total income from building and administration is $143,760.

Fundraising

Jesus taught that “where your treasure is, there your heart will be also” (Matthew 6:21). Fundraising is the diocese's invitation to individuals and institutions to place their treasure, and so their hearts, in our shared ministry, and it is the one source of operating income that does not come from congregations or reserves. For 2027 it is budgeted to raise $130,000, $30,000 more than in 2026. The Bishop's Appeal ($85,000) is the diocese's annual request to individuals across our congregations. It raised $81,268 in 2024 and $59,515 in 2025; beginning with the 2026 year-end appeal, it will also help fund the diocese's Vitality Grants. Development income ($45,000), first budgeted in 2026 at $25,000, comes from grants sought from foundations and denominational funders and from planned gifts: bequests and other estate gifts left to the diocese by people who wanted its work to continue after them. Both are investments in the long term. The appeal builds the relationships from which planned gifts later grow, and grant-seeking positions the diocese for funding it has not pursued before. Planned gifts, by their nature, cannot be scheduled, so the budget counts on them cautiously.

Program and Other

Program fees, registrations, and interest ($89,850), donated goods and services and miscellaneous gifts ($15,000), and approximately $200,000 from the Hughes Trust, a gift given to the diocese in 2018, total $304,850. The trust's distributions are expected to continue for only two more years and may be reduced if further claims against the trust are settled — a reality that long-range planning must take into account.

Other Support and Expenditures

> *“Let us work for the good of all, and especially for those of the family of faith.”*
>
> — Galatians 6:10

The diocese also handles “pass-through” money: gifts received on behalf of others and forwarded in full. They do not affect the operating budget, but they bind us to the wider Church and to those who have given their lives to its ministry. In 2027 they include:

- Offerings for the Sanctuary Committee's Emergency Fund ($20,000).
- Offerings for our partner dioceses of Renk, South Sudan, and Southeast Mexico, and other designated gifts ($350,000).
- Funds of the Clergy Relief Society ($100,000), which makes needs-based grants to aged and infirm clergy and to the surviving spouses and dependents of clergy.
- Bishop & Trustees' own funds for capital repairs at mission congregations and for the Director of Property Management, who serves every congregation on buildings-and-grounds questions ($350,000). This is separate from the $350,000 operating grant toward St. James Commons described above under Contributions.

Looking Ahead

> *"I am about to do a new thing; now it springs forth, do you not perceive it?"*
>
> — Isaiah 43:19

Though a deficit remains in 2027, this budget continues to move the diocese toward financial stability thanks to the faithful and skillful work of the Finance Committee. And it is encouraging that Common Mission Share is budgeted to grow for the first time in nearly two decades.

Isaiah's question is a fair one to ask of this budget, whose numbers look much like last year's. What is new is how the diocese arrived at them and how it will decide what comes next. This budget was built and approved as the strategic planning task forces were completing their work, and it funds the priorities they were formed to advance. It comes with a commitment to explain every dollar openly, because that is how trust is rebuilt. The new thing is already springing forth.

The diocese will continue to be responsive as the task forces' recommendations are received and integrated. The Finance Committee's work on the 2028 budget begins in the new year and will draw on what those recommendations show. It remains committed to a path on which deficits are eliminated and diocesan resources support the priorities the diocesan community has named.

What matters in the year ahead is not how much we do but what comes of it. We will say plainly what is working and what is not, and we will keep our commitments, so that trust grows with the work. And we will do it together, trusting the One who gives the growth.

We offer this budget, and the year of ministry it describes, with the prayer the Book of Common Prayer gives us for the diocese:

> *O God, by your grace you have called us in this Diocese to a goodly fellowship of faith. Bless our Bishop Paula and other clergy, and all our people. Grant that your Word may be truly preached and truly heard, your Sacraments faithfully administered and faithfully received. By your Spirit, fashion our lives according to the example of your Son, and grant that we may show the power of your love to all among whom we live; through Jesus Christ our Lord. Amen.*
>
> — For the Diocese, The Book of Common Prayer, p. 817

Scripture quotations are from the New Revised Standard Version Bible, copyright © 1989 National Council of the Churches of Christ in the United States of America. Used by permission. All rights reserved.

For questions about the budget figures, contact Ms. Rebecca Elfring-Roberts, director of finance, at 312.751.6726 or rroberts@episcopalchicago.org.

This budget describes a year of shared ministry. You can help make it possible with a gift to the Bishop's Appeal, by remembering the diocese in your estate plans, or online at episcopalchicago.org/give. For any of these, or for questions about this narrative, contact Canon T.J. Houlihan, canon for development, at 312.751.6725 or tjhoulihan@episcopalchicago.org.