The Episcopal Church
2026 Budget Narrative

SUMMARY – COMPARISON TO 2026 TRIENNIAL BUDGET

- 2026 Consolidated Revenue decreases $2.6 million to $45.8 million.
- 2026 Consolidated Expense decreases $1.9 million to $45.4 million.
- 2026 Surplus $376k as compared to 2026 Triennial Budget Surplus of $960k.
- 2026 Surplus adjusted for EMM restricted gift $967k vs Triennial Budget Surplus of $960k.

GENERAL REVENUE ASSUMPTIONS

Default Assumption	**No change from 2025 Forecast**
Diocesan Commitments	No change from 2025 Forecast
Additional Assessment Relief	Increase by $900k over 2026 Triennial Budget to $1 million, based on input from Assessment Review Committee
Endowment Income for Budget	Assumes reduction in dividend rate to 4.5% and corrects compounding calculation from Triennial Budget
Endowment Income for Coalition	Assumes reduction in dividend rate to 4.5% and revised unrestricted share count, and corrects compounding calculation from Triennial Budget
Annual Appeal Campaign	Assumes $150k reduction from 2026 Triennial Budget due to restructuring of Development staff
Rental Base Income	Based on actual 2026 rent roll, $794k increase from 2025 Forecast due to full year of Kennedy School rental income
Other Income	Includes $250k release from TF 1414b to fund restructuring expenses (consultant fees) and $100k release from Restricted TF for Military Chaplain Pensions

GENERAL EXPENSE ASSUMPTIONS

Default Assumption – General	**No change from 2026 Triennial Budget**
Default Assumption – Staff Costs	Based on actual 2026 staffing 3% COLA 7% increase in benefits expense
Default Assumption – Travel Costs	25% reduction from 2026 Triennial Budget
Staff Restructuring	$2.5 million savings in 2025-27 Triennial Budget reflected in reduced costs in Department Budgets

PRESIDING BISHOP'S MINISTRY EXPENSE ASSUMPTIONS

Presiding Bishop's Office

Title IV Disciplinary Actions	Assumes $100k reduction for 2025 Forecast
PBO Staff Costs	$446k increase from 2025 Forecast, $1.2 million increase from 2026 Triennial Budget due to new staff for Leadership Development, Strategy, and Theological Advisor positions.
PBO Other Departmental Costs	$600k increase as part of PB's initiatives = $672k reduction from 2025 Forecast as PB initiative expenses are moved to Department budgets

Pastoral Development

Pastoral Development Other Costs	2026 expense included in PB Initiatives, other line items
Pastoral Development Staff Costs	$592k increase from 2025 Forecast due to new staff positions.
Seminars / Conferences	$8k increase for annual endorsing training conference

Armed Forces + Federal Ministries

Selection of Chaplains	$40k increase for travel for new recruiter
Supplies / Services	$4k increase for new NCMAF membership fees
Chaplain Care	$100k increase for chaplain healthcare contractor and pension assessments; to be funded from restricted TF draw
Travel Bishop Suffragan	$6k increase for previously unbudgeted HoB and Living our Vows travel
AFFM Rent	$8k increase to fund potential office move

General Board of Examining Chaplains

GBEC Non-staff	$10k increase for consultant for work on alternative assessment framework

MISSION PROGRAM EXPENSE ASSUMPTIONS

Evangelism

New Church Start Grants	$100k increase as part of PB's Initiatives
Reconciliation + Justice	Minor modifications to repurpose budget expenses while maintaining total in line with 2026 Triennial Budget
Ethnic Ministries	Default Assumptions. Expenses in line with 2026 Triennial Budget
Creation Care	Default Assumptions. Expenses in line with 2026 Triennial Budget

PUBLIC POLICY + WITNESS EXPENSE ASSUMPTIONS

Note: Public Policy + Witness comprises the following program areas that were included in "Mission Beyond" in the 2025-27 Triennial Budget: Anglican Communion, Episcopal Migration Ministries, Missionary Service, Office of Government Relations, and Ecumenical + Interfaith Ministries.

Global Mission Consultants	$50k increase to fund FT Middle East Fellow
EMM Non-Government Staff	Government-funded staff moved onto General Budget ($441k increase in expense); offset by $1MM Restricted Gift received in 2025

STRATEGIC SUPPORT EXPENSE ASSUMPTIONS

Note: Strategic Support comprises the following program areas that were included in "Mission Within" in the 2025-27 Triennial Budget: Formation, Transition Ministries, Communications, and Episcopal News Service.

New Media Development	$95k increase as part of PB's initiatives (Forward Impact, TEC Identity)
Website Development	$50k increase for completion of website redesign in 2026
ENS Sponsorship Income	$100k increase based on 2025 Forecast income
Translation Services	Expense moved to GCO
Resource Creation	$250k increase as part of PB's initiatives on Formation

GRANTMAKING EXPENSE ASSUMPTIONS

Note: Grantmaking comprises the TEC and Episcopal Relief and Development (ERD) Block Grants that were included in "Mission Within" in the 2025-27 Triennial Budget

TEC Block Grants	Default Assumptions; Grants funded at levels set forth in the Triennial Budget
ERD Shared Services Block Grant	Expense reduced as shared services arrangement concluded in April 2025; no net impact on Budget

GOVERNANCE EXPENSE ASSUMPTIONS

Executive Council	One 4-day offsite Board Meeting / Retreat; all other meetings via Zoom; 50% allocation of D+O insurance premiums
Interim Bodies	Based on revised Meeting Schedule proposed by GCO, with most meetings 1-day or ½-day via Zoom.
Translation and Interpretation	Increase to $500k reflects consolidation of all translation costs into GCO
Archives Other Costs	Excludes costs of land acquisition and predevelopment for new permanent Archives.

ADMINISTRATION EXPENSE ASSUMPTIONS

Note: Administration comprises the following offices from the 2025-27 Triennial Budget: Treasurer's and Controller's Offices and Development (combined into a Finance Office); Legal; Information Technology (IT); Human Resources (HR); Operations; Facilities Management; and Purchasing.

Development Costs	Assumes 50% reduction from 2026 Triennial Budget due to department restructuring in 2025
Development Staff Cost	Assumes 100% reduction from 2026 Triennial Budget due to restructuring in 2025
Property + Liability Insurance	Based on 2025 premiums, 5% inflation
Directors + Officers Insurance	Based on 2026 renewal, 50% allocation to GCO for EC
Debt Service Principal & Interest	$280k increase assumes 2 percentage point increase in interest rate on $14 million of debt as a result of refinancing at the end of 2025
Finance Office Staff Costs	Restructuring savings offset by addition of $345,000 for real estate and grant administration staffing as part of PB's initiatives.
D&O Insurance Allocation	$60k reduction as all costs allocated between Executive Council and Treasurer's Office
Legal Expense – Conflict Resolution	$150k increase as part of Presiding Bishop's initiatives (Title IV – ADR)
IT Consultants	$35k increase due to higher software development work for next GC
IT Travel	Increased for travel related to next GC
IT Online	$103k increase from 2026 Triennial Budget due to additional licenses (Slack, Monday)
Building Management	Reduction from 2025 Forecast reflects $1MM incurred for Kennedy School build-out in 2025
Facilities Expenses	Expense increases based on current spending, estimates from Facilities Manager
Miscellaneous Facilities Services	$250k increase for Local Law 11 façade repairs, $50k for security upgrades