



# **State of the Diocese & 2027 Budget Narrative**

*Bishop's Submission*

*Budget Committee*

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# 1. Overview

Together, we are shifting our culture.

We exist to share the Gospel of Jesus Christ through our local communities, clergy, and lay leaders. We set Mission Priorities that keep us local. We organize renewal with each congregation where it actually is. And each year, we put our people, our money, and our attention behind your next step towards renewal.

Over the last two years we began to re-weave our pastoral fabric around our local communities. We set Mission Priorities for the first time in fifty years. We re-structured our staff and our budget to focus locally. We began reform of our finances through the Common Mission Share and through creation of regional endowments.

That work created capacity. Because of the re-structuring carried out in the 2025 and 2026 budgets, the priorities for 2027 can largely be carried out within the budget we already have.

On July 13, 2026, the Diocesan Council adopted four priorities for 2027. Each describes a culture we are building:

- **A culture of discernment:** Christian formation to call disciples and to equip lay & clergy leaders.
- **A culture of equity:** launching anti-bias formation for congregational and diocesan groups supporting ordination & clergy deployment.
- **A culture of common mission:** deepening collaborations between congregations and across regions — including shared services and increased congregational capacity.
- **A culture of congregational capacity:** continuing the initiatives that stabilize and support local communities — property support, shared services, and health care — and laying the groundwork for vibrancy over the next decade and beyond.

Our 2027 priorities invest in the people and the systems that help our congregations flourish.

## What the Common Mission Share has done

The 2025 diocesan Convention adopted the Common Mission Share. Every congregation in the Diocese has now accepted it. CMS's first year has changed our financial picture.

- Total assessed congregational contributions have gone down — from \$13,921,736 to \$12,753,133.
- Increased fulfillment of the Common Mission Share means approximately \$1.4 million more is available for diocesan programs.
- Overall expenses remain flat.

Congregations are being asked for less. Mission has more. That was the goal of apportioned shared reform.

## **What we are watching**

Three pressures shape the 2027 budget:

- A non-discretionary health care increase of 14%, the largest increase in the 2027 budget, that plays out across salary lines.
- Management of and investment in mission-supported clergy (the 600 lines).
- Diocesan staff will receive a cost of living equivalent in 2026 and will not receive a COLA for 2027.

A flat budget absorbing a double-digit health care increase is a budget making choices.

## **Transparency**

- We continue to increase the transparency of our finances. For the first time, we're now producing monthly reports of both annual budget vs actual and endowed funds.
- For the third year we share the uses of the funds under the bishop's discretion that support diocesan operations. A complete breakdown is in the Appendix.

## 5-Year Mission Priorities

In 2024, we set 5-year Mission Priorities by listening to each other.

We exist to share the Gospel of Jesus Christ through our local communities, clergy, and lay leaders. We set Mission Priorities that keep us local. We organize renewal with each congregation where it actually is. And each year, we put our people, our money, and our attention behind your next step towards renewal.

### 1) Elevate: our local communities

*Big idea: reorienting our diocese around our congregations, chaplaincies, and schools.*

### 2) Equip: our clergy & lay leaders

*Big idea: clergy and lay leaders who are resourced, connected, and confident to lead their communities.*

### 3) Imagine: a new financial model

*Big idea: revise the revenue model to reflect changed reality and new opportunities for revenue.*

### 4) Re-envision: how we steward our property

*Big idea: develop and resource a clear, mission-focused vision for property across the Diocese.*

### 5) Repair: our relationships with people and the earth

*Big idea: participate in the healing of the world within our local communities and beyond through the lens of reparations.*

The Mission Priorities describe where we are going. Organizing Renewal describes where our congregations actually are. The 2027 priorities describe the culture that moves us from one to the other.

### 3. Organizing Renewal

*Adapted from "Our story is renewal, not decline," Religion News Service, August 13, 2026.*

On Easter morning, we announced a new congregation: Episcopal Church of the Holy Spirit / Iglesia Episcopal del Espíritu Santo, in Kingston, New York.

The new name reflects new life for two congregations whose ministries have stretched over a hundred and fifty years in Kingston, a city of 25,000 in Ulster County along the Hudson River. For two years St. John's and Holy Cross–Santa Cruz worked to become one. They now worship together at Holy Cross. One congregation had Sunday school teachers who had taught for forty years. The other had the children they were still waiting to teach.

There is real grief in these changes — the loss of a building, a name, individual identities as congregations. There is real hope, too. The new community is intercultural and multilingual. It did not exist a year ago.

The Church of the Holy Spirit is exceptional. Kingston isn't unique. It offers a picture of congregational life across the Diocese of New York.

#### **The story we tell**

We have come to believe that our story is renewal — not decline — and that we'll find renewal locally through our congregations, chaplaincies, and schools. The Holy Spirit moves at ground level. We are local, and we are all connected. The Epistle to the Ephesians says: we are one body and one Spirit.

For most of my ministry, the Diocese of New York told a different story. We left beloved church buildings empty and falling down for decades in our most historic neighborhoods. The largest line item in our diocesan budget was unpaid congregational assessments — and we carried the highest assessment rate in The Episcopal Church. Phone calls from congregations weren't returned. Struggling congregations were told that they were on their own.

We lost our way. That story is the one reflected in headlines about the decline of the mainline church nationally.

#### **Six honest categories**

We've spent the last several years building a different kind of mission scaffolding, one that responds to the diverse landscape of our congregations. The scaffolding comes from continuous engagement and listening.

- We have congregations that are growing. Some have doubled in average Sunday attendance or have confirmed the largest classes in a generation.
- We have congregations, like the new community in Kingston, that are reimagining entirely.
- And we are closing congregations — nine in the last fifteen months, with two more expected before the end of this year.

These are not three different stories. They are one story, told in three registers. Our lives in Jesus Christ are always life, death, and resurrection.

So we are organizing renewal with six honest categories rather than one flattening narrative:

- Church Formation.
- Church Planting.
- Church Growth.
- Church Stabilization.
- Church Closure.
- Church Witness.

Every congregation in our Diocese fits somewhere in that account. None fit in "decline."

There's no shame in struggle. A congregation that is closing after a hundred and fifty years of faithful witness is not failing; it is completing something sacred, the way the end of a life completes something sacred. A congregation that is doubling its confirmation class is not succeeding in a way that erases the congregation two towns over that is closing. Both show the Spirit moving at ground level. We are one body.

### **What we have corrected**

- We have restructured our diocesan staff for the first time in thirty years, to be present locally — pastoral care, congregational development, and clergy transitions connected at the regional level, not from a central office two hours away.
- We have taken the first real steps to reform our assessment policy to be equitable across our congregations.
- We are working directly with our most vulnerable congregations — more than ten in the last two years — helping them navigate property, finance, and regulatory burdens that no vestry should have to carry alone.
- Property from closed churches, when sold, now contributes toward endowments that continue local ministry.
- We have begun reforming our ordination process to be more equitable, more nimble, and more Spirit-led.
- We have announced next steps in a twenty-year commitment to reparations for slavery, alongside a sexual abuse audit that examines our history and guides a healthier future.

### **Why this matters for 2027**

Even congregations that are growing are struggling with increasing property issues, health care costs, and the daily churn of running a church. More clergy and lay leaders are joining efforts to learn about congregational development than at any other moment in my thirty years in New York.

Our first steps have been re-making the structure. But structures do not bear fruit. Branches do. So the next steps go deeper: renewal in the rituals and practices of daily ministry, and tools for congregations doing the work of Christian formation. That is what the 2027 priorities are for.

## **4. 2027 Budget Priorities**

We are focused on the diocesan mission, well beyond the diocesan budget.

We have a generational opportunity to shift our culture as a Diocese — and to help shift the culture of the world around us. Shifting culture means building trust. Rather than simply responding to decline, we are investing in the Church we believe God is calling us to become.

Because of the 2025 and 2026 re-structuring, these priorities draw substantially on existing budget capacity rather than new money.

### **A Culture of Discernment**

Christian formation to call disciples and to equip lay and clergy leaders.

- We are reforming the ordination process to be more equitable, more nimble, and more Spirit-led — and to grow the number of people we call.
- We are sustaining diaconal formation toward the ordination of ten permanent deacons annually by 2028.
- We are developing formation resources at both the local and diocesan levels.
- We are expanding the College for Congregational Development, including translation into Spanish, supported by a \$1 million grant from the Lilly Endowment.

Formation is the work that structure exists to serve. This is the priority that moves us from re-making the structure to renewing the practices of daily ministry.

### **A Culture of Equity**

Launching anti-bias formation for congregational and diocesan groups supporting ordination and clergy deployment.

- We are launching anti-bias formation for the bodies that make our most consequential decisions about people: commissions on ministry, search committees, and vestries in transition.
- This work extends the reparations lens through which we understand all our priorities.
- It connects directly to the recommendations of the Moses Commission and to our twenty-year commitment to reparations.

An equitable Church is not only a matter of who we ordain. It is a matter of who we call, where we send them, and what we pay them.

### **A Culture of Common Mission**

Deepening collaborations between congregations and across regions — including shared services and increased congregational capacity.

- Collaborations are now underway in every region: the Hudson Valley, Harlem and the Bronx, Rockland and Staten Island.
- Each regional collaboration is different, because each corresponds to local context and resources.
- We are generally helping with staffing for a shared missioner and asking local communities to support program. Clergy costs can be offset by current and new endowments and by local contributions where possible.
- We are developing shared services so that congregations do not each have to solve the same administrative problems alone.

Collaboration is not a strategy for decline. It is how congregations get capacity they could never afford by themselves.

### **A Culture of Congregational Capacity**

Continuing the initiatives designed to stabilize and support local communities — property support, shared services, and health care — and laying the groundwork for vibrancy over the next decade and beyond.

- Property support: expanded grants under new guidelines, expanded staff capacity, and the congregational database.
- Health care: the cost of clergy health coverage is rising 11–15% and is non-discretionary. We are pursuing ways to lower it, including an endowed fund to help underwrite clergy health care.
- Regional endowments: property from closed congregations, when sold, creates endowments that continue local ministry in the region.
- Vulnerable congregations: continued intensive engagement with congregations under Canon 29.
- Fund development: continuing the planned giving campaign and the initiative supporting congregational revenue models — earned income and fundraising.

This is the priority that carries the weight of the 2027 budget. Health care alone will absorb capacity that would otherwise go to program.

## 5. Budget Comparison & Trajectory

### The Headline: The 2027 budget is flat.

Total proposed disbursements are \$13,912,882, against \$13,898,340 in 2026 — an increase of \$14,542, or one tenth of one percent. The budget is balanced.

Every 2027 priority has been covered in a budget that did not grow.

Three numbers tell the story of how we got here:

- **We are asking congregations for less.** Gross calculated congregational assessment has fallen from \$13,921,736 in 2025 to \$12,753,133 in 2027 — a reduction of \$1,168,603, or 8.4%.
- **We are receiving more.** Net income from congregational assessment has risen from \$11,215,985 to \$12,303,133 — an increase of \$1,087,148, or 9.7%.
- **The gap between the two has nearly closed.** Adjustments and projected bad debt totaled \$2,705,751 in 2025. In 2027 they are budgeted at \$450,000 — a reduction of 83%.

This shift provides a picture of how the Common Mission Share was designed to work. We reduced what we asked of congregations, and the money we budget for is actually possible for congregations to give.

### Revenue

| Income                                                | 2025              | 2026              | 2027              | 26 to 27         |
|-------------------------------------------------------|-------------------|-------------------|-------------------|------------------|
| Gross calculated apportioned shares                   | 13,921,736        | 13,167,461        | 12,753,133        | (414,328)        |
| Adjustments — 12.5% cap & Adjustment Board            | (997,664)         | —                 | —                 | —                |
| Reserve for bad debt & projected adjustments          | (1,708,087)       | (650,000)         | (450,000)         | 200,000          |
| <b>Net income from apportioned shares</b>             | <b>11,215,985</b> | <b>12,517,461</b> | <b>12,303,133</b> | <b>(214,328)</b> |
| Allocation from General Endowment & operational funds | 1,414,148         | 1,559,519         | 1,816,035         | 256,516          |
| Diocesan Convention fee income                        | 103,500           | 105,000           | 77,650            | (27,350)         |
| <b>Net income from other sources</b>                  | <b>1,517,648</b>  | <b>1,664,519</b>  | <b>1,893,685</b>  | <b>229,166</b>   |
| Contingency                                           | (191,000)         | (283,640)         | (283,936)         | (296)            |
| <b>Total income</b>                                   | <b>12,542,633</b> | <b>13,898,340</b> | <b>13,912,882</b> | <b>14,542</b>    |

## What the revenue lines show

- **Net apportioned income is essentially flat year over year** — down \$214,328, or 1.7%. After two years of dramatic improvement, the Common Mission Share has reached its steady state.
- **The bad debt reserve falls to \$450,000** — about 4% of gross shares, against 12% in 2025. This is now a normal working assumption rather than a structural loss. Over the last twelve months there's only been one appeal of the Common Mission Share, a dramatic reduction from past years. Funds not needed for the debt reserve will be dedicated to congregational property grants.
- **Contingency is set at 2%.** We've budgeted well and haven't expended the 2% contingency over the last three years.

## Expenses

| Disbursements                                    | 2025              | 2026              | 2027              | 26 to 27      |
|--------------------------------------------------|-------------------|-------------------|-------------------|---------------|
| 100 Assessments to The Episcopal Church          | 1,896,444         | 1,862,202         | 1,877,305         | 15,103        |
| 200 Reserve funds                                | 534,500           | 612,750           | 612,750           | —             |
| 300 Episcopal function                           | 769,662           | 638,381           | 677,741           | 39,360        |
| 400 Episcopal support staff                      | 719,139           | 781,130           | 868,939           | 87,809        |
| 500 Staff support for congregations & ministries | 1,557,090         | 2,686,464         | 2,588,383         | (98,081)      |
| 600 Strategic / mission settings                 | 2,735,820         | 2,665,398         | 2,847,323         | 181,925       |
| 700 Diocesan ministries & outreach               | 590,660           | 593,875           | 602,065           | 8,190         |
| 800 Grants                                       | 229,391           | 662,000           | 333,000           | (329,000)     |
| 900 Finance, operations & human resources        | 2,764,035         | 2,877,340         | 2,916,976         | 39,636        |
| 910 Unallocated cost for mission                 | 695,892           | 483,800           | 578,400           | 94,600        |
| 950 Capital expenditures                         | 50,000            | 35,000            | 10,000            | (25,000)      |
| <b>Total disbursements</b>                       | <b>12,542,633</b> | <b>13,898,340</b> | <b>13,912,882</b> | <b>14,542</b> |

## Where the money moved

Inside a flat total, four movements matter.

- **Mission-supported clergy is the largest increase.** The 600 lines rise \$181,925, or 6.8%, to \$2,847,323 — now 20.5% of the entire budget. The growth is concentrated in Harlem clergy support (up \$67,647) and area team ministry (up \$119,538), reflecting the launch of the Harlem collaboration. Campus ministry clergy declines by \$52,086.

- **Health insurance is the largest non-discretionary increase.** The increase is reflected across both the staff and mission-supported clergy lines (600s).
- **Grants move to endowed funds.** The 800 lines drop \$329,000, or 49.7% because property support committee grants (\$204,000) will be supported through endowment proceeds and the clergy development funds (\$115,000) are consolidated, and clergy transition costs reduced by \$10,000. Clergy vocational development and sabbatical support hold at their 2026 levels.
- **Episcopal function and support staff both rise.** The 300 and 400 lines together increase \$127,169, or 9.0%, to \$1,546,680 — above the 2025 level of \$1,488,801. These costs support increased coordination and support for congregations.

## Operations and legal

The operations reform is visible in the numbers, and it is not free.

- Outside legal expense rises from \$300,000 to \$358,000, up 19.3%. With in-house senior counsel at \$248,596, total legal support for 2027 is approximately \$607,000.
- Audit expense holds near its reformed level — \$65,000, against \$206,300 in 2025, following the completion of the endowed fund review and the three audits.
- Total finance, operations and human resources rises 1.4%, essentially flat.
- Unallocated cost for mission rises 19.6%, driven by legal and by overhead and fixed obligations.

## Commission ministries: the same money, re-organized

The 700 lines rise only 1.4%, but their internal structure has changed. The Social Concerns sub-lines are retired and their commitments re-established as named lines: anti-racism at \$33,615, creation care at \$15,000, LGBTQ+ at \$9,500, and domestic violence at \$7,000. Reparations and the Moses Commission hold at \$38,000 and \$43,750.

Two new lines appear: a Human Trafficking Task Force at \$10,000 and a Public Witness Task Force at \$15,000. Expanding our public witness is a stated commitment for 2027, and this is where it enters the operating budget.

## The Trajectory: 2025 to 2027

Read across three years, the budget tells a coherent story.

### 2025: re-structuring

We reduced the episcopacy and moved program staff local. Episcopal function fell. The bad debt reserve was still \$1.7 million, on top of \$998,000 in cap and adjustment board reductions. We were budgeting \$2.7 million we did not expect to collect.

**2026: re-directing**

The Common Mission Share was adopted. Staff support for congregations rose by \$1.1 million — a 72.5% increase in a single year. Grants nearly tripled. Property services staffing moved into the operating budget from discretionary funds. The bad debt reserve fell to \$650,000.

**2027: consolidating**

Revenue reaches its steady state. Expenses hold flat. Investment shifts from building diocesan capacity to funding mission on the ground — the 600 lines grow while the 500 lines settle.

Taken together, staff support for congregations and funding for mission settings now total \$5,435,706, or 39.1% of the budget. Episcopal function and episcopal support staff together are 11.1%.

That ratio is the clearest single measure of what three years of re-structuring accomplished. Nearly four dollars go to local mission and the staff who support it for every dollar spent on the office of the bishop.

## 6. 2026 Budget Priorities: What happened this year

In June 2025, the Diocesan Council affirmed three priorities for the 2026 budget: clergy support, property support, and fund development. Here is where each stands.

### Clergy Support

We announced a Clergy Development Fund supporting both individuals and small groups.

We are expanding sabbatical support, building on the pilot that funded five clergy sabbaticals from the Bedell Fund.

#### *In the operating budget*

| Commitment                                      | 2026             | 2027             | Change        |
|-------------------------------------------------|------------------|------------------|---------------|
| 809 Clergy Vocational Development               | 100,000          | 100,000          | —             |
| 810 Clergy Transition Costs (clergy moves)      | 60,000           | 50,000           | (10,000)      |
| 811 Sabbatical Support                          | 20,000           | 20,000           | —             |
| 804 Clergy Development / Wardens Support Grant  | 115,000          | —                | (115,000)     |
| 607 Harlem Clergy Support                       | 365,250          | 432,897          | 67,647        |
| 606 Area Team Ministry Clergy Support           | 230,867          | 350,405          | 119,538       |
| 203 Reserve for Curacies for New EDNY Ordinands | 150,250          | 150,250          | —             |
| <b>Total</b>                                    | <b>1,041,367</b> | <b>1,103,552</b> | <b>62,185</b> |

Every clergy support figure recommended in the 2026 narrative was funded at the amount recommended. The Clergy Vocational Development Fund was recommended at \$100,000 and is budgeted at \$100,000. Clergy moves were recommended at \$60,000 and are budgeted at \$60,000, reducing to \$50,000 in 2027. Sabbatical support was recommended at \$20,000 and is budgeted at \$20,000.

Support for regional clergy collaboration grew by \$187,185 across the Harlem and area team ministry lines.

#### *Outside the operating budget*

- Board of Managers Pension Fund: the recommendation to convert \$1.6 million in accumulated funds to an endowment providing \$50,000 annually in pension relief.
- St. Peter's / San Pedro, Portchester: the recommended sale to endow a new congregation and to launch an endowed fund supporting clergy health care.

## Property Support

We are developing new guidelines for expanded property grants. We are developing expanded staff capacity for property.

### *In the operating budget*

| <b>Commitment</b>                           | <b>2026</b>      | <b>2027</b>      | <b>Change</b>    |
|---------------------------------------------|------------------|------------------|------------------|
| 503 Director of Diocesan Property Services  | 232,039          | 231,438          | (601)            |
| 503a Diocesan Property Services — Expenses  | 161,500          | 197,550          | 36,050           |
| 503b Property Services — Staff Compensation | 304,502          | 277,205          | (27,297)         |
| 801 Property Support Committee Grants       | 204,000          | —                | (204,000)        |
| 913a Professional Expenses — Legal          | 300,000          | 358,000          | 58,000           |
| 902b In House Legal Counsel — Compensation  | 264,700          | 248,596          | (16,104)         |
| <b>Total</b>                                | <b>1,466,741</b> | <b>1,312,789</b> | <b>(153,952)</b> |

The 2026 narrative proposed a new senior property position at \$150,000 and the transfer of the administrative assistant at \$132,645 — a combined \$282,645. Property services staff compensation was funded at \$304,502, and the SS Peter & Paul Fund no longer carries the assistant.

Legal support directly increases property support capacity. Legal support was recommended at \$300,000 for 2026 and budgeted at \$300,000. It rises to \$358,000 in 2027.

### *Property grants*

The 2026 narrative set a target of \$800,000 in property grants, built from four sources: \$250,000 from Cornerstone and St. Luke's proceeds, \$204,000 from the diocesan operating budget, \$157,000 from converting the Repair and Restoration Fund, and \$192,000 from accumulated St. Luke's proceeds.

For 2027, the operating budget share returns to zero and the grants are carried entirely by funds under the bishop's discretion, where we are doubling them.

### *Outside the operating budget*

- Congregational database: \$100,000 in one-time costs recommended from The Episcopal Fund.
- SS Peter & Paul Fund: \$85,000 in annual proceeds dedicated to tax, regulatory, and special projects.
- Parish Property Management: line 916 carried \$150,000 in 2025 and is now zero; on-the-ground support is coordinated through property services.

## Fund Development

We are developing an initiative to support congregational revenue models — earned income and fundraising.

### *In the operating budget*

| Commitment                                          | 2026           | 2027           | Change           |
|-----------------------------------------------------|----------------|----------------|------------------|
| 508 Director of Advancement & Community Connections | 185,865        | 221,088        | 35,223           |
| 508a Advancement & Community Connections — Expenses | 197,792        | 155,350        | (42,442)         |
| 508b Advancement & Community Connections — Staff    | 257,935        | 136,633        | (121,302)        |
| <b>Total</b>                                        | <b>641,592</b> | <b>513,071</b> | <b>(128,521)</b> |

## 7. 2027 Priorities: Budget Implications.

None of the four 2027 priorities requires an increase to the diocesan budget.

The total budget grows by \$14,542 — one tenth of one percent. Every next step described in these priorities is funded by increasing capacity within the money we already have. That is what three years of re-structuring bought us.

These tables show the budget areas that carry each priority.

### A Culture of Discernment

Christian formation to call disciples and to equip lay and clergy leaders.

| Budget area                                        | 2026           | 2027           | Net change    |
|----------------------------------------------------|----------------|----------------|---------------|
| 506 Canon for Lay & Clergy Formation               | 227,356        | 245,525        | 18,169        |
| 203 Reserve for Curacies for New EDNY Ordinands    | 150,250        | 150,250        | —             |
| 704 Christian Formation Commission / Young Adult   | 77,000         | 77,000         | —             |
| 701 Congregational Development Commission Programs | 23,000         | 15,000         | (8,000)       |
| <b>Total</b>                                       | <b>477,606</b> | <b>487,775</b> | <b>10,169</b> |
| <i>New funding requested</i>                       |                |                | <i>None</i>   |

### Capacity outside the operating budget

- New York Training School Fund: \$46,000 in annual proceeds supporting the deacons' formation program and the stipend of its director.
- Religion & Learning Fund: \$45,000 in annual proceeds for seminary scholarships.
- Lilly Endowment: \$1 million to expand the College for Congregational Development and translate it into Spanish.

### A Culture of Equity

Launching anti-bias formation for congregational and diocesan groups supporting ordination and clergy deployment.

| Budget area      | 2026 | 2027   | Net change |
|------------------|------|--------|------------|
| 704a Anti-Racism | —    | 33,615 | 33,615     |

| Budget area                                 | 2026           | 2027           | Net change  |
|---------------------------------------------|----------------|----------------|-------------|
| 705d Social Concerns — Antiracism (retired) | 33,615         | —              | (33,615)    |
| 704b LGBTQ+                                 | —              | 9,500          | 9,500       |
| 705b Social Concerns — LGBTQ+ (retired)     | 9,500          | —              | (9,500)     |
| 706a Reparations Committee / Commission     | 38,000         | 38,000         | —           |
| 706b Moses Commission                       | 43,750         | 43,750         | —           |
| <b>Total</b>                                | <b>124,865</b> | <b>124,865</b> | <b>—</b>    |
| <i>New funding requested</i>                |                |                | <i>None</i> |

This priority is budget-neutral to the dollar. The Social Concerns sub-lines are retired and the same commitments re-established as named lines, at the same amounts. Reparations and the Moses Commission hold.

#### ***Capacity outside the operating budget***

- The Episcopal Fund: \$82,000 for Visions anti-bias training formation.
- Reparations fund: \$1.1 million created by convention in 2018, on which the Moses Commission reports.

## **A Culture of Common Mission**

Deepening collaborations between congregations and across regions — including shared services and increased congregational capacity.

| Budget area                           | 2026             | 2027             | Net change     |
|---------------------------------------|------------------|------------------|----------------|
| 507 Four Regional Canons              | 828,253          | 846,506          | 18,253         |
| 607 Harlem Clergy Support             | 365,250          | 432,897          | 67,647         |
| 606 Area Team Ministry Clergy Support | 230,867          | 350,405          | 119,538        |
| 610 Church Plants and Revitalization  | 159,348          | 169,979          | 10,631         |
| <b>Total</b>                          | <b>1,583,718</b> | <b>1,799,787</b> | <b>216,069</b> |
| <i>New funding requested</i>          |                  |                  | <i>None</i>    |

This is where the capacity actually goes. Collaboration grows by \$216,069 inside a budget that grew by \$14,542 — funded by reductions elsewhere, principally in grants restructuring, advancement staffing, campus ministry clergy, and capital.

## A Culture of Congregational Capacity

Continuing the initiatives that stabilize and support local communities — property support, shared services, and health care — and laying the groundwork for vibrancy over the next decade and beyond.

| Budget area                                 | 2026             | 2027             | Net change       |
|---------------------------------------------|------------------|------------------|------------------|
| 503 Director of Diocesan Property Services  | 232,039          | 231,438          | (601)            |
| 503a Diocesan Property Services — Expenses  | 161,500          | 197,550          | 36,050           |
| 503b Property Services — Staff Compensation | 304,502          | 277,205          | (27,297)         |
| 801 Property Support Committee Grants       | 204,000          | —                | (204,000)        |
| 913a Professional Expenses — Legal          | 300,000          | 358,000          | 58,000           |
| 902b In House Legal Counsel                 | 264,700          | 248,596          | (16,104)         |
| <b>Total</b>                                | <b>1,466,741</b> | <b>1,312,789</b> | <b>(153,952)</b> |
| <i>New funding requested</i>                |                  |                  | <i>None</i>      |

The operating budget share of property support declines because property grants return to funds under the bishop's discretion, where they are being doubled. Staff capacity and legal support both hold.

### *Capacity outside the operating budget*

- Property grants: Cornerstone, Keystone, and St. Luke the Beloved Physician funds, doubled for 2027.
- SS Peter & Paul Fund: \$87,000 in annual proceeds for special and unforeseen local property needs.
- Regional endowments created from the sale of property from closed congregations.
- St. Peter's / San Pedro, Portchester: proceeds toward endowing a new congregation and a fund underwriting clergy health care.

## Summary

| Budget area                             | 2026             | 2027             | Net change    |
|-----------------------------------------|------------------|------------------|---------------|
| A culture of discernment                | 477,606          | 487,775          | 10,169        |
| A culture of equity                     | 124,865          | 124,865          | —             |
| A culture of common mission             | 1,583,718        | 1,799,787        | 216,069       |
| A culture of congregational capacity    | 1,466,741        | 1,312,789        | (153,952)     |
| <b>Total across the four priorities</b> | <b>3,652,930</b> | <b>3,725,216</b> | <b>72,286</b> |

| Budget area           | 2026       | 2027       | Net change |
|-----------------------|------------|------------|------------|
| Total diocesan budget | 13,898,340 | 13,912,882 | 14,542     |

The four priorities together move \$72,286 inside a budget that grew \$14,542. Nothing was added. Capacity was moved to where the next steps are.

## 8. Operations Reform: The Quiet Reform

We are reforming basic operations to support our local communities. *Elevating* local communities and *equipping* clergy and congregations means solidifying our operations.

We've focused on re-structuring staff and increasing direct support for clergy and congregations. Operations reform has been quiet. It means clean audits, monthly reports, returned phone calls, and decisions that get made on time.

Over the last several years we have reformed four areas of diocesan operations — finance, human resources, and legal.

In each area the work has been carried out at flat or small incremental cost, funded from within the existing budget. We are re-structuring staff, not adding to staff count.

This year, we have made significant changes with coordinating staff—the diocesan version of frontline staff. We've separated from three coordinating staff members this year. We are reimagining the staff to fully support the mission of congregational care, including expansion of special projects coordinators to improve project management.

### Finance

***The cleanup:* Seven years ago the Trustees undertook a complete review of our endowed funds to ensure that balances matched what was actually in the accounts. Last fall, the Trustees completed the project.**

We now believe we have solid fund balances going forward for the roughly 200 endowed funds of the Diocese of New York.

Reconciling the funds that were out of balance resulted in a \$2 million write-off last fall. Telling the truth about our balance sheet cost us \$2 million on paper. It was worth it. We now know what we have.

We have also completed three audits in the last year. Our audits are current and the financial affairs of the Diocese are being monitored.

***The capacity:* We are making the finance office more responsive and clearer in its reporting. Much of the work to date has been significant cleanup from past operations. Alongside it, we are transitioning staff in a way that raises capacity.**

- Instead of adding staff on site and filling an open position, we have supplemented onsite staff with offsite support. This raises our capacity and increases efficiency at a very low cost.
- We have drafted formal accounting policies and procedures for the first time and cross-trained staff to make sure all processes are followed, even when staff are out.
- We are catching up and cleaning up unreconciled financial and bank records going back years so we can produce accurate and timely reports from our financial systems.

For the first time, we prepare monthly reports on budget versus actuals, and monthly reporting on our endowed funds.

## **Human Resources**

Two years ago we transitioned from a director of human resources to a mid-level manager. That structure did not carry the work required.

The central question for human resources is clergy compensation, which is complicated both for diocesan staff and for mission clergy across the Diocese.

- We are in the process of a search to find human Resources staff person to handle clergy compensation.
- An outside consultant is supporting both organizational culture work and basic HR support for employee evaluation.

This shift to a new mid-level manager is being made at a small incremental cost, found from within other parts of the budget without increasing our overall spend.

## **Legal**

We have hired the first senior counsel in the history of the Diocese of New York — and the first senior counsel anywhere in The Episcopal Church.

This allows us to manage our legal affairs more clearly. Our legal affairs currently include human resources, real estate, basic diocesan operations including Canon 29 parishes, and our work on Child Victims Act cases. We retain outside counsel in human resources, in real estate, and on the Child Victims Act cases.

The senior counsel, together with the chancellor, now manages these relationships.

Expenses for legal support come from both the operating budget and the proceeds of the sale of real estate. Before the arrival of the senior counsel, these expenses were not managed as well.

## **Project Management**

We have created the position of special projects coordinator, who will be project managers across all areas of our operations.

The pilot of this role began in the summer of 2023. By January 2027 there will be four coordinators. These positions do not add headcount but shift toward support of program and operations in mission.

## Property

For the last three years we have been increasing capacity for property support — through the diocesan budget, through Parish Property Management, Inc., and through our own leadership. We have made progress. There is more to do.

We want to accelerate the work of supporting local property needs, as well as the sale and development of property across the Diocese.

There are currently three professional positions and one administrative position in the property office. Going forward, we believe those positions should be organized this way:

- **Property grants and local property needs** — the day-to-day support a warden or vestry actually calls about.
- **Sales and development** — the transactions that increasingly fund local ministry.
- **Coordination** — with parishes and with the outside partners who can support our work.

This year, through funds under the bishop's discretion, we are doubling the amount of property grants available across the Diocese. This fund will continue to grow through air rights sales and property sales.

## What This Means For Congregations

All these changes are focused on benefiting our local communities.

Clean fund balances, current audits, monthly reporting, managed legal expenses, and a property office organized around what congregations actually need provide one foundation for our shared mission.

The test of operations reform is whether a warden in Sullivan County...or anywhere in our Diocese...can get an answer when they call.

## 9. Launching a New Financial Model: The Common Mission Share

*Imagining a new financial model* represents one of our Mission Priorities. The 2025 convention approved a new Common Mission Share, changing the congregational assessment model for the first time in forty years.

Every congregation in the Diocese of New York has now accepted the Common Mission Share.

### ***The model we left***

- We carried the highest assessment rate in The Episcopal Church.
- The largest expense line in the budget was unpaid congregational contributions — \$2.7 million in 2025.

For years we budgeted for funds that we did not expect to receive, a sign of a broken model.

### ***The model we adopted***

We now have one, shared system for congregational contributions.

All 172 congregations are now participating in the Common Mission Share. The reform was meant to be fair, equitable, and sustainable basis for congregational contributions to diocesan mission.

- Every congregation's assessed amount decreased from the apportioned share to the Common Mission Share.
- Under the Common Mission Share, overall assessed congregational contributions have gone down — from \$13,921,736 in 2025 to \$13,167,461 in 2026.
- Unpaid contributions have dropped from \$2.7 million toward \$650,000.
- Increased fulfillment means approximately \$1.5 million more available for diocesan programs.
- We have *increased* resources for programs from *decreased* congregational assessment.

We asked congregations for less and received more for mission. That is the whole argument for the reform, and it has now been tested for a year.

### ***The model in transition***

Only one congregation has appealed to the Adjustment Board, a dramatic reduction in appeals from past years. The Adjustment Board is considering small policy adjustments within the current canon based on unique congregational needs: one-time costs related to litigation, payments from restricted government grants, costs relating to owning a seminary.

For next year, the Investment Committee will consider raising the endowment draw from 4.5% to 5% to cover \$180,000 as part of the allowance for unpaid Common Mission Share. If the allowance isn't needed, those funds will support congregational property grants rather than be returned to the general fund.

| Former Apportioned Share                        | Common Mission Share              |
|-------------------------------------------------|-----------------------------------|
| From Normal Operating Income                    | From Church Non-Capital Expenses  |
| 4% of income from \$1 to \$50,000               |                                   |
| plus 10% of income from \$50,000 to \$200,000   | 1% of expenses up to \$250,000    |
| plus 15% of income from \$200,000 to \$500,000, | 5.75% of expenses above \$250,000 |
| plus 20% of all income above \$500,000.         |                                   |

### ***Beyond congregational contributions***

The congregational contribution reform was only the first step. The next is to broaden our revenue for local mission.

- Deploying endowed funds under the bishop's discretion for ongoing mission and operating functions.
- Creating regional endowments created from the sale of property from closed congregations, continuing local ministry in the region where the ministry was.
- Increasing outside funding, including the \$1 million Lilly Endowment grant for the College for Congregational Development.
- Directing property transactions, including air rights contributions, to property support grants and a new health care fund.

### **Creation of Regional Endowments**

Through action of the bishop diocesan, Standing Committee, and Trustees, property from closed congregations, when sold, now creates endowments that continue local ministry in the region where that ministry was.

One percent of property sales now contributes to the Reparations Fund.

**Dutchess County / Zion Church, Wappingers Falls** — St. Mark's Chelsea

**Harlem** — St. Martin & St. Luke's Harlem

**Orange County** — St. Thomas New Windsor

**South Bronx** — Trinity Morrisania

**Westchester County** — St. Mary's Scarborough

**Yonkers** — St. Mark's Yonkers

## 10. Vulnerable congregations.

We are relentlessly engaging with our local communities — including those that are in trouble and that have been in trouble for some time.

### **One year ago we began a new focus on our most vulnerable congregations.**

Canon 28 and Canon 29 were both established through the 2016 strategic plan. Over the previous decade, Canon 29 was invoked twice. In the last two years we have worked with the Standing Committee to bring congregations under supervision at a scale the Diocese has not seen before, and we have committed staff and legal capacity to match.

This is what that engagement looks like.

Last July we named a *canon for vulnerable congregations* part-time from bishop's discretionary funds outside the diocesan budget; we launched efforts to increase care for congregations in trouble.

- Congregations across the Diocese are growing, re-imagining and closing.
- Canon 29 allows a congregation to be identified as vulnerable.
- The Standing Committee and bishop diocesan have invoked Canon 29 ten times in the last two years, most recently for *St. Ambrose in Harlem*.
- “Vulnerable” doesn’t equate to a certain size congregation or simply mean that a congregation is struggling. Nearly all our congregations are struggling in some way. Most often, *vulnerable* means that a congregation’s size and resources have become mis-matched with its building and logistics.

Canon 29 status helps focus additional *people resources* for a congregation’s troubles— usually, around finances and property— as we support pastoral care and congregational development.

- Three dozen lay and clergy leaders now serve on Canon 29 Administrative Authorities to guide renewal. Administrative Authorities serve in place of vestries for these congregations.
- The canon for vulnerable congregations coordinates ongoing cross-team staff engagement from the Canon to the Ordinary, the Chief of Finance & Operations, chancellor, senior counsel, and regional canons.

There’s no one path for Canon 29 communities. In the last year *St. Peter’s Westchester Square* in the Bronx re-opened and received a million-dollar grant for its community center; *All Saints Staten Island* and *St. Matthew & St. Timothy’s Manhattan* closed; and *St. James Fordham* and

*Church of the Mediator*, both in the Bronx, are now able to cover their expenses without operational funding from the Diocese— a big first step.

- Last year's decision to focus on vulnerable communities added *parallel capacity* for congregations in trouble. We're using volunteer leadership and funds outside the operating budget for these additional resources.
- By building this parallel capacity, we can continue to strengthen congregational growth and stability broadly across the Diocese. More than one hundred congregations in every region of the Diocese have participated in the College for Congregational Development.
- Most Canon 29 congregations have been in trouble for years. It's my hope that this current more intense focus can help us reach better equilibrium with our congregations as we build a stronger base with congregational development.

| Canon 28                                   | Canon 29                                                                                 | Property Development                                                         |
|--------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| <i>Congregations in strategic settings</i> | <i>Imperiled congregations under an Administrative Authority appointed by the bishop</i> | <i>Development projects requiring loans against future property proceeds</i> |
| All Saints, Manhattan                      | All Saints, Staten Island ( <i>closed</i> )                                              | Church of the Mediator, Bronx                                                |
| St. Ann's for the Deaf                     | Christ Church, Patterson ( <i>closed</i> )                                               | St. James' Fordham, Bronx                                                    |
| St. Clement's, Manhattan                   | Church of the Mediator Bronx                                                             | St. Martin's / St. Luke's, Harlem                                            |
| St. James, Callicoon                       | St. Ambrose Harlem                                                                       |                                                                              |
|                                            | St. James Fordham                                                                        |                                                                              |
|                                            | St. Martin's / St. Luke's                                                                |                                                                              |
|                                            | St. Matthew's / St. Timothy's ( <i>closed</i> )                                          |                                                                              |
|                                            | St. Peter's Westchester Square ( <i>reopened</i> )                                       |                                                                              |
|                                            | St. Thomas, New Windsor ( <i>closed</i> )                                                |                                                                              |
| <b>4 congregations</b>                     | <b>9 congregations</b>                                                                   | <b>3 projects</b>                                                            |

## 11. The long horizon

The Diocese of New York celebrates its 250th anniversary this fall. Its history runs the full length of American history. We are now the largest diocese in The Episcopal Church, with 190 congregations, chaplaincies, and schools. For several years the Diocese has understood its own story as one of renewal, focused on local communities.

Our theology is clear. God's presence is as dynamic now as in past generations. The psalms says, *God's promise extends for a thousand generations.*

It's also clear: the Church is changing. The world is changing. The question is how the Church becomes more vibrant in the decades to come.

We have restructured the Diocese for renewal. The next step is to understand how those new structures actually support vibrancy, health, and growth.

We are beginning long horizon projects to answer that question. Together they ask what is happening, what is coming, and how we will build. We will bring each of them to the Diocese as they take shape.

Taken together, these projects will support congregations to develop rituals and rhythms that contribute to health, vibrancy, and growth — and the long-term financial stability to support it.

There are six million people living within the ten counties of the Diocese of New York. With greater stability and tools for renewal, our congregations can not only continue their ministries but extend their reach.

## Appendix: Major Activities Supported by Discretionary Funds Outside of the Diocesan Operating Budget

There are endowed funds that come under the auspices of the Diocese of New York. Some are held by the Diocese for use at the discretion of congregations; others for regions like Harlem, the Bronx, or Mid-Hudson; others are held for agencies like Episcopal Charities.

Some funds are disbursed at the discretion of the bishop of New York. It's my long-term stewardship value to not invade the principal, to use the annual proceeds of the funds for the mission we share, and to utilize any accumulated proceeds for strategic projects. The trustees serve as the accountability body for the funds. I will report to them about use.

### *Funds impacting ongoing mission and operating functions*

| Fund                                               | Purpose                                                                                                                                                      | Annual proceeds                |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Board of Managers Pension Fund</b>              | Supports clergy pensions.                                                                                                                                    | \$179,000                      |
| <b>Cornerstone Fund</b>                            | Supports property maintenance. Helps fund property grants administered by the Trustees' property support committee.                                          | \$84,000                       |
| <b>Keystone Fund</b>                               | Supports property maintenance.                                                                                                                               | \$112,000                      |
| <b>SS Peter &amp; Paul Fund</b>                    | Supports maintenance and support of missions. Dedicated to special projects and unexpected expenses for local property needs.                                | \$87,000                       |
| <b>Clergy Critical Needs Fund / Bell Home Fund</b> | Supports clergy care. Funds the Clergy Critical Needs grants and the Wellness Initiative.                                                                    | \$178,000                      |
| <b>Bedell Fund</b>                                 | 1996 non-endowed gift from St. Matthew's Bedford for clergy continuing education. Funds clergy sabbaticals, gradually replenished from the operating budget. | \$330,000<br><i>fund total</i> |
| <b>Religion &amp; Learning Fund</b>                | Seminary scholarships.                                                                                                                                       | \$45,000                       |
| <b>New York Training School</b>                    | Supports diaconal training.                                                                                                                                  | \$46,000                       |
| <b>Taylor Fund</b>                                 | Supports diocesan gathering.                                                                                                                                 | \$142,000                      |
| <b>St. Thomas Fund</b>                             | Unrestricted. Underwrites outside public relations support.                                                                                                  | \$70,000                       |
| <b>St. James Fund</b>                              | Restricted for support of the episcopacy.                                                                                                                    | \$48,000                       |
| <b>Total annual proceeds</b>                       | <i>Ten endowed funds; excludes the non-endowed Bedell Fund.</i>                                                                                              | <b>\$991,000</b>               |

### *Additional funds for one-time discretionary support*

- **The Episcopal Fund:** annual proceeds \$114,170.

- **Liberty Loomis Fund:** annual proceeds \$1,629.
- **Bishop of New York Fund:** annual proceeds \$1,739.
- **Moritz & Josephine Berg Fund:** annual proceeds \$39,067.
- **The Eduard Fund:** annual proceeds \$20,736.
- **Hobart Fund:** annual proceeds \$2,989.
- **Talcott Fund:** annual proceeds \$12,216.
- **Michel Fund:** annual proceeds \$1,165.
- **Percy Hance Fund:** annual proceeds \$13,814.
- **Stephen F. Temmer Fund:** annual proceeds \$5,645.
- **Bishop Sisk's Child Fund:** annual proceeds \$5,399.
- **Clerical Aid Trust:** annual proceeds \$4,644.
- **Edward S. Burtis Jr. Fund:** annual proceeds \$7,672.
- **Zerega Special Fund:** annual proceeds \$8,000.