The Episcopal Diocese of Western Massachusetts

Memorandum

To: Delegates to the 124th Diocesan Convention

From: Kimberly A Foster, Chief Financial Officer

Subject: **Plan for Use of Diocesan Resources in 2026**

Date: October 10, 2025

On behalf of Bishop Fisher and Diocesan Council, I am pleased to present the proposed budget for 2026. I will be available in person to answer questions about this plan at an informal Q & A Budget Hearing offered at 11:00AM on the morning of Convention at the UMass venue. This time has been set aside for those who may still have questions after reviewing this plan. You are most welcome to email me in advance with your questions at kfoster@diocesewma.org.

Overview of Current Year - 2025

We're in the midst of a significant transition - one that will culminate with the election of our Tenth Bishop! Hats off to our three committees: Standing Committee, Search Committee, and the Transition Committee! All have been working diligently and tirelessly behind the scenes to shepherd this important process, giving shape to a new era in our Diocese! Our sincere gratitude for all of your efforts!

I'm pleased to report the fair market value of the Diocese's interest in net assets of the Trustees has increased each year for the past two and a half years! Spending rule quarterly distributions are quite strong due to favorable market conditions and the 20-quarter rolling average adopted by the Trustees used to calculate the distribution value each quarter.

Inflation picked up in August amid higher prices for staples like food and electricity, while tariffs put upward pressure on prices for physical goods like clothing and furniture. The consumer price index, a key inflation gauge, rose 2.9% in August 2025 from a year earlier. This was the fastest pace of inflation since January indicating we can expect a further acceleration in the coming months. Let us bear this in mind when preparing our 2026 budgets.

On the overall, the Diocese's operating revenues and expenses are running on target so far in 2025, with some favorable budget variations, resulting in a balanced budget without applying the planned additional draw from our investments. We endeavor to make the very best use of our resources.

The Plan - 2026

Each budget year we strive to align our human, financial, and spiritual resources in support of our common mission. This coming year, the focus continues to be on increasing vitality and vibrancy in our congregations, as well as welcoming the leadership of our new Bishop. The Diocese supports our shared mission with congregations through leadership formation, resource sharing, consulting, connecting beyond our diocesan boundaries, and calling together our ministries for collaboration.

Our work is guided by priorities and goals set by the Episcopal Church, the Bishop and Diocesan leadership:

- Developing and supporting transformational lay and clergy leaders
- Engaging congregations in processes of honest, healthy self-assessment and renewal
- Encouraging inter-diocesan, ecumenical, and interfaith partnerships in congregations and the Bishop's office
- Providing opportunities for clergy to gather for support and networking
- Committing to Racial Reconciliation, Creation Care and God's justice "on earth as it is in heaven"
- Encouraging and supporting new initiatives in ministry (moving from idea to ministry and from ministry to a movement)

Staff Allocation Changes and Other Adjustments

Each year we review personnel costs in relation to the key budget categories to assure we are accurately representing staff expenses as a reflection of the work we have been given to do. There are no major changes to the expense allocation of existing staff positions and no new positions have been added in 2026.

EXPENSES:

For 2026 planning purposes, we are assuming a full array of activities, events and programs will continue. On the overall, expenses are expected to increase by **$137,000** compared to 2025 projections. Some highlights are noted below:

- A new **$5,000** annual pledge to the Barbara C. Harris Conference Center
- **$38,000** in support of the Human-to-Human small grant programs
- A **$65,000** contingency line within the Bishop's Ministry area, offering some flexibility to our new Bishop
- A 3.5% cost of living (COLA) increase has been applied to staff compensation

2026 will require an additional draw of **$115,000** from invested funds to balance the budget. This draw comes from invested funds with the Trustees set up specifically for this purpose and will not impact the spending rule distributions that we rely on from year to year to balance the operating budget.

Description of Major Budget Categories

- **Bishop's Ministry:** **$710,882** includes our communications work, parish visitations, confirmations and ordinations, and representation at the house of Bishops and other communion wide work. New in 2026 is an allocation of **$65,000** to a contingency line to be applied at the discretion of our new Bishop.
- **Congregational Support:** **$414,083** includes funding of **$132,000** in grant opportunities, support to congregations around clergy transitions, Safe Church Training & Prevention, and our budgets for Youth and Young Adult Ministries and Hispanic Ministries in the Diocese.
- **Formation & Leadership Development:** **$326,975** funds Parish Leadership events and other diocesan wide leadership gatherings, Clergy Day(s) and Clergy Conference, leadership training and coaching, Loving the Questions, Commission on Ministry, Diaconate Formation, Fresh Start, Seminarian Assistance, and support for the Episcopal Service Corps program (Lawrence House) in our diocese at All Saints, South Hadley.
- **Mission in the World:** **$541,744** includes support for our outdoor worship community, Province of New England, our apportionment to the Episcopal Church, Global Mission grants, support of ecumenical organizations and Episcopal Relief and Development. Also included is a **$20,000** contribution to the Episcopal Path to Creation Justice; a **$5,000** annual pledge to Barbara C. Harris Conference Center; and **$38,000** in support of the following Human to Human programs: Laundry Love - **$18,000**; Marie's Mission - **$6,000**; Lydia's Closet - **$3,000**; and **$11,000** to the Women's Correctional Center Chaplaincy.
- **Governance:** **$188,396** represents Chancellor's expenses, Diocesan Convention, benefits for lay retirees, and costs associated with the Title IV disciplinary process.
- **Finance & Administration:** **$470,528** are costs related to general business office operations including staff compensation and benefits, rent to CCC, repairs & maintenance, depreciation associated with computer, server and Wi-Fi equipment, internet, upgraded telephones, supplies, leased equipment, property & liability insurance, cyber insurance, and the annual audit fee.
- **Agency: Admin & Human Resource Services:** **$165,700** provides full payroll services, benefits administration, and oversight of the property and casualty insurance program for the congregations and programs of the diocese.

Other Notable Lines

- Our 2026 budget for Mission in the World (Outreach) is **$541,744.** This includes our Apportionment to The Episcopal Church set at **$350,222**
- **$60,000** for Ministry Development Initiatives
- **$10,000** in support of Young Adult and Youth Ministries
- **$22,260** for Formation and Leadership Development training and consulting
- **$10,000** annual grant to support Lawrence House run out of All Saints' in S. Hadley
- **$130,000** to support Hispanic Ministries
- **$80,000** in scholarships for members of our congregations, children of clergy, seminarian assistance and sabbatical grants in support of our clergy and deacons

Expense Summary

The total expense budget in 2026 is **$2,818,308**. Payroll and pension related expenses make up 45.3% of the budget. The work of the Bishop's office is relational and highly dependent on personnel. Specific services provided by the Administrative Offices of the Diocese to the congregations are payroll & benefits administration, HR support, transition ministry support, congregational development programs and support. Included in the budget is the cost of the diocesan convention, clergy conferences, and diocesan wide leadership development events.

INCOME:

We are expecting **$2,818,850** in total revenue in 2026 as follows:

Summary of Revenue Breakdown

- **Assessment for Common Ministry:** **$1,168,500*** represents 41.5% of the budget. This is an increase of **$47,500** compared to 2025. It is important to note we have moved beyond the era of COVID when operating incomes were lower, explaining the increase in assessment revenue coming from the recent three-year average.
- **Use of Investments – Spending Rule:** **$1,468,000** is a solid estimate representing 52% of the budget. **Note:** Quarterly distributions are quite strong due to favorable market conditions and the 20-quarter rolling average adopted by the Trustees to calculate the distribution each quarter.
- **Use of Investments – Additional Draw:** **$115,000** is required to balance the operating budget. Our endowment with the Trustees includes invested funds set up specifically for this purpose to assure that additional draws do not adversely impact our 5% spending rule distributions.
- **Program Income:** **$51,500** consist of **$31,500** coming from event registration fees generated from Diocesan Convention, Safe Church, Clergy Conference, and Loving the Questions. In addition, we anticipate raising **$20,000** to help offset the added cost of adding the Human-to-Human small grant programs to the diocesan budget.
- **Other Income:** **$15,850** is expected with **$5,000** coming from the annual Stickney Trust distribution in support of Hispanic Ministries in the Diocese. The balance relates primarily to reimbursement from the Trustees for administrative support to the Executive Director of the Trustees for the Diocese of WMA.

*Assessment Income (Support for Common Ministry) - Assessment income is budgeted using our standard formula (noted below), which uses the average of the most recent three full years of Normal Operating Income as reported on the parochial report.

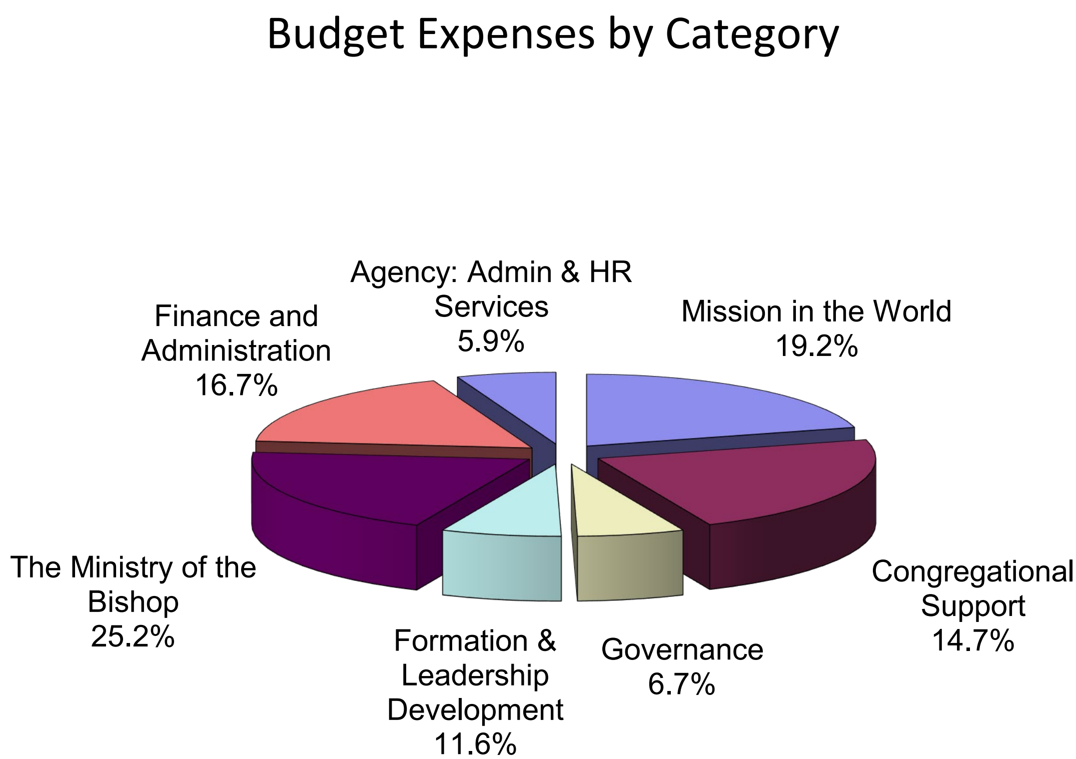
The first $50,000 of Operating Revenues are assessed at a rate of 6.75%
Operating Revenues of from $50,001 to $75,000 are assessed at a rate of 9.75%
Operating Revenues of from $75,001 to $125,000 are assessed at a rate of 10.5%
Operating Revenues of from $125,001 to $200,000 are assessed at a rate of 12.25%
Operating Revenues over $200,000 are assessed at a rate of 13.25%

Bottom Line:

The budget for 2026 is balanced with the aid of a **$115,000** additional draw from our invested funds. We will monitor income and expenses closely and be prepared to adjust the budget as necessary, due to an ever-changing environment.

In conclusion, our diocese is in an excellent position to serve its congregations and to serve our ministries as we move towards welcoming our 10th Bishop.

I encourage you to accept this 2026 budget proposal of the Diocese of Western Massachusetts.



Members of Diocesan Council: The Rt. Rev. Doug Fisher (President), Mr. Mark Rogers (Treasurer), the Rev. Nathaniel Anderson (Vice President), Ms. Wende Wheeler (Secretary), Mr. Steve Lewis (Trustee Representative), Ms. Holly Dolan, Mr. Roland Holstead, Mr. Kurt Hultgren, Ms. Patricia O'Connell, the Rev. Mary Rosendale, the Rev. Martha Sipe, the Rev. Michael Tuck, the Rev. Beth Washburn, and Ms. Amanda Watroba

Members of the Budget and Financial Planning Committee: Mark Rogers, Committee Chair (Church of the Reconciliation, Webster), Wayne Gass (All Saints, South Hadley), Kurt Hultgren (All Saints, Worcester), Steve Lewis (Christ the King-Epiphany Church, Wilbraham), Al Symonds (St. Stephen's, Pittsfield), Robert Perkins (Holy Spirit Church, Sutton), the Rev. Mary Rosendale (St. Stephen's, Westborough), the Rev. Dr. Janet Zimmerman (Berkshire Corridor), and Kimberly Foster (CFO, Assistant Treasurer)

One Page Summary of the Proposed 2026 Budget

	2022 Actual	2023 Actual	2024 Actual	2025 Approved Budget	2026 Proposed Budget	% of Budget
OPERATING REVENUES						
Assessment for Common Ministry	1,137,067	1,091,435	1,095,563	1,121,000	1,168,500	41.5%
Use of Investments - Spending Rule	1,324,680	1,431,650	1,445,967	1,424,000	1,468,000	52.1%
Investment Income - Additional Draw	0	0	30,000	85,000	115,000	4.1%
Program Income	19,945	25,562	31,545	35,500	51,500	1.8%
Other Income and Gifts	66,837	33,643	22,937	15,850	15,850	0.6%
Internal Funding	5,122	4,598	0	0	0	0.0%
TOTAL REVENUES FOR DIOCESAN OPERATIONS	**2,553,651**	**2,586,888**	**2,626,012**	**2,681,350**	**2,818,850**	100.0%
OPERATING EXPENSES						
The Ministry of the Bishop	580,719	589,002	620,553	635,131	710,882	25.2%
Congregational Support	440,166	449,746	405,565	443,600	414,083	14.7%
Formation & Leadership Development	295,759	338,165	312,371	338,971	326,975	11.6%
Mission in the World	522,059	502,617	496,566	469,006	541,744	19.2%
Governance	158,713	132,979	198,519	182,412	188,396	6.7%
Finance & Administration	413,427	421,953	440,861	458,495	470,528	16.7%
Agency: Administration & Human Resource Services	142,768	150,126	150,348	153,234	165,700	5.9%
TOTAL OPERATING EXPENSE	**2,553,611**	**2,584,588**	**2,624,783**	**2,680,849**	**2,818,308**	100.0%
OPERATING REVENUE AND EXPENSE						
Operating Income	**2,553,651**	**2,586,888**	**2,626,012**	**2,681,350**	**2,818,850**	
Operating Expense	**2,553,611**	**2,584,588**	**2,624,783**	**2,680,849**	**2,818,308**	
SURPLUS/(DEFICIT)	**40**	**2,300**	**1,229**	**501**	**542**	

EPISCOPAL DIOCESE OF WESTERN MA

PROPOSED 2026 BUDGET

	Y/E ACTUAL 2024	YTD ACTUAL 30-Jun-25	2025 ANNUAL BUDGET	2026 PROPOSED BUDGET
REVENUES				
Assessment for Common Ministry	$1,095,563	$560,686	$1,121,000	$1,168,500
Use of Investment - Trustees	$1,475,967	$761,939	$1,509,000	$1,583,000
Program Income	$31,545	$14,205	$35,500	$51,500
Other Income and Gifts	$22,937	$8,920	$15,850	$15,850
Internal Grant Funding	$0	$0	$0	$0
TOTAL DIOCESAN INCOME AND GIFTS	$2,626,012	$1,345,750	$2,681,350	$2,818,850

			Y/E ACTUAL 2024	YTD ACTUAL 30-Jun-25	2025 ANNUAL BUDGET	2026 PROPOSED BUDGET
EXPENSES						
BISHOP'S MINISTRY						
PROGRAMS						
	Communications	Wages and Benefits	$172,161	$88,487	$177,788	$183,227
	Communications	Business Expenses	$34,782	$19,478	$32,994	$35,744
		Total Communications	$206,943	$107,965	$210,782	$218,971
	Social Justice		$5,158	$240	$5,000	$10,000
	Retired Clergy Gatherings		$0	$1,258	$3,600	$3,600
	Special Diocesan Events		$4,463	$4,810	$2,750	$5,000
	Bishop's Contingency		$0	$0	$0	$65,000
		Total PROGRAMS	$216,563	$114,273	$222,132	$302,571
PERSONNEL EXPENSES						
	Wages and Benefits		$367,456	$189,208	$374,368	$369,679
	Business Expenses		$36,534	$16,529	$38,632	$38,632
		Total PERSONNEL EXPENSES	$403,990	$205,737	$412,999	$408,310
		TOTAL BISHOP'S MINISTRY	$620,553	$320,010	$635,131	$710,882

	Y/E ACTUAL 2024	YTD ACTUAL 30-Jun-25	2025 ANNUAL BUDGET	2026 PROPOSED BUDGET
CONGREGATIONAL SUPPORT: Mission with Congregations				
GRANTS and SCHOLARSHIPS				
Clergy Children Educational Grants	$6,250	$2,500	$5,000	$5,000
College Scholarships	$36,938	$17,200	$40,000	$40,000
Continuing Education Grants	$2,822	$1,250	$4,000	$4,000
Deanery	$565	$905	$1,000	$1,000
Ministry Development Initiatives	$60,100	$49,607	$70,000	$60,000
Sabbatical Grants	$7,500	$0	$10,000	$22,000
Total GRANTS and SCHOLARSHIPS	$114,175	$71,462	$130,000	$132,000
OPERATIONAL EXPENSES				
Congregational Assistance	$0	$1,000	$10,000	$4,000
Transition Ministry	$8,094	$2,994	$6,000	$5,900
Latino Ministries	$122,457	$80,617	$131,723	$130,000
Safe Church Training and Prevention	$9,028	$4,271	$9,050	$9,000
Stewardship	$1,199	$1,199	$2,500	$2,000
Youth Ministry	$0	$0	$2,500	$2,500
Young Adult Ministry	$3,200	$0	$0	$7,500
Total Operational Expenses	$143,978	$90,081	$161,773	$160,900
PERSONNEL EXPENSES				
Wages and Benefits	$139,786	$56,776	$144,127	$115,571
Business Expense	$7,625	$1,807	$7,700	$5,612
Total PERSONNEL EXPENSES	$147,411	$58,582	$151,827	$121,183
TOTAL CONGREGATIONAL SUPPORT	$405,565	$220,125	$443,600	$414,083

FORMATION & LEADERSHIP DEVELOPMENT

	Y/E ACTUAL 2024	YTD ACTUAL 30-Jun-25	2025 ANNUAL BUDGET	2026 PROPOSED BUDGET
OPERATIONAL EXPENSES				
Education for Ministry	$2,025	$1,750	$1,750	$1,750
Parish Leadership Day	$3,995	$2,604	$5,000	$11,000
Formation and Leadership Development	$19,127	$10,072	$23,910	$22,260
Clergy Conferences	$22,305	$25,794	$23,000	$26,500
Commision on Ministry	$5,436	$5,514	$7,953	$8,000
Diaconate Formation	$4,573	$7,377	$9,000	$8,860
Fresh Start	$556	$297	$2,300	$5,700
Seminarian Assistance	$5,835	$7,500	$8,500	$9,000
Lawrence House	$10,000	$10,000	$10,000	$10,000
TOTAL OPERATIONAL EXPENSES	$73,852	$70,908	$91,413	$103,070
PERSONNEL EXPENSES				
Wages and Benefits	$229,511	$105,188	$239,758	$216,285
Business Expense	$9,008	$2,912	$7,800	$7,620
TOTAL PERSONNEL EXPENSES	$238,519	$108,100	$247,558	$223,905
TOTAL LEADERSHIP DEVELOPMENT	$312,371	$179,007	$338,971	$326,975

MISSION IN THE WORLD

		Y/E ACTUAL 2024	YTD ACTUAL 30-Jun-25	2025 ANNUAL BUDGET	2026 PROPOSED BUDGET
OPERATIONAL EXPENSES					
Outdoor Worship Communities					
	Wages and Benefits	$63,883	$32,807	$66,113	$68,122
	Business Expenses	$10,064	$10,000	$10,000	$10,000
	Total Outdoor Worship Communities	**$73,947**	**$42,807**	**$76,113**	**$78,122**
Episcopal Path to Creation Justice					
	Wages and Benefits	$21,018	$0	$0	$0
	Program Expenses	$9,217	$0	$0	$20,000
	Total Creation Care	**$30,235**	**$0**	**$0**	**$20,000**
Human to Human Programs					
	Laundry Love	$0	$0	$0	$18,000
	Marie's Mission	$0	$0	$0	$6,000
	Lydia's Closet	$0	$0	$0	$3,000
	Women's Correctional Center Chaplaincy	$0	$0	$0	$11,000
	Total Human to Human	**$0**	**$0**	**$0**	**$38,000**
Ecumenical Relations					
	Berkshire Organizing Project	$3,500	$1,750	$3,500	$3,500
	Ecumenical Officer	$1,527	$0	$1,500	$1,500
	Interfaith Council	($400)	$0	$0	$0
	Mass Council of Churches	$15,000	$7,500	$15,000	$15,000
	Province One	$9,750	$5,031	$9,750	$10,400
	Total Ecumenical Relations	**$29,377**	**$14,281**	**$29,750**	**$35,400**
The Episcopal Church Apportionment		$342,474	$171,571	$343,143	$350,222
Barbara C. Harris Conference Center		$0	$0	$0	$5,000
Global Mission		$10,000	$3,000	$10,000	$10,000
Lambeth		$0	$0	$0	$0
Sustainable Development Goals		$10,533	$5,000	$10,000	$10,000
	TOTAL MISSION IN THE WORLD	**$496,566**	**$236,659**	**$469,006**	**$541,744**

			Y/E ACTUAL 2024	YTD ACTUAL 30-Jun-25	2025 ANNUAL BUDGET	2026 PROPOSED BUDGET
GOVERNANCE						
OPERATIONAL EXPENSES						
	Chancellor		$53,477	$28,594	$63,565	$63,565
	Diocesan Convention					
		Wages and Benefits	$7,916	$4,083	$8,156	$8,429
		Business Expenses	$31,639	$247	$34,450	$32,000
		Total Diocesan Convention	$39,555	$4,330	$42,606	$40,429
	Diocesan Council		$414	$0	$1,200	$1,200
	General Convention		$44,683	$0	$0	$0
	House of Bishops		$7,624	$5,314	$6,000	$6,000
	Retired Clergy and Lay Support		$27,469	$19,598	$32,700	$39,769
	Standing Committee		$0	$0	$300	$300
	Title IV	Wages and Benefits	$1,226	$1,749	$2,500	$2,500
	Title IV	Business Expenses	$0	$0	$3,250	$3,500
	Title IV		$1,226	$1,749	$5,750	$6,000
	Governance Admin	Wages and Benefits	$24,071	$15,480	$30,291	$31,134
		TOTAL GOVERNANCE	$198,519	$75,066	$182,412	$188,396

			Y/E ACTUAL 2024	YTD ACTUAL 30-Jun-25	2025 ANNUAL BUDGET	2026 PROPOSED BUDGET
DIOCESAN FINANCE & ADMINISTRATION						
	ARCHIVE EXPENSES					
		Wages and Benefits	$3,232	$2,153	$5,598	$5,794
		Business Expenses	$174	$620	$400	$400
		TOTAL ARCHIVE EXPENSES	**$3,406**	**$2,773**	**$5,998**	**$6,194**
	OPERATIONAL EXPENSES					
	Financial Management		$35,471	$24,810	$35,522	$37,643
	Property - Plant		$123,833	$62,538	$127,680	$128,072
	General Operations		$30,084	$18,995	$32,124	$34,900
		TOTAL OPERATIONAL EXPENSES	**$189,387**	**$106,343**	**$195,326**	**$200,615**
	PERSONNEL EXPENSES					
		Wages and Benefits	$245,784	$126,189	$253,361	$259,726
		Business Expenses	$2,283	$1,251	$3,811	$3,994
		TOTAL PERSONNEL EXPENSES	**$248,068**	**$127,440**	**$257,171**	**$263,720**
	TOTAL DIOCESAN FINANCE & ADMINISTRATION EXPENSES		**$440,861**	**$236,556**	**$458,495**	**$470,528**
DIOCESAN AGENCY EXPENSES FOR CONGREGATION SUPPORT						
	OPERATIONAL EXPENSES		$18,143	$9,120	$17,300	$18,800
	PERSONNEL EXPENSES					
		Wages and Benefits	$130,482	$67,680	$133,005	$143,343
		Business Expenses	$1,724	$547	$2,928	$3,557
		TOTAL PERSONNEL EXPENSES	**$132,205**	**$68,228**	**$135,934**	**$146,900**
		TOTAL DIOCESAN AGENCY EXPENSES	**$150,348**	**$77,347**	**$153,234**	**$165,700**
TOTAL EXPENSES			**$2,624,784**	**$1,344,771**	**$2,680,849**	**$2,818,308**
NET INCOME (LOSS)			**$1,229**	**$980**	**$501**	**$542**