



2026 Budget Overview

The Episcopal Diocese of the Susquehanna

Preface: Reunification Discernment



On October 19, 2024, each Diocesan Convention approved Reunification

Highlights in the "Agreement of Union" include:

"...finalize...a 2026 Budget for presentation to the Joint Convention..."

"...both current Bishops would remain in place" with Bishop Scanlan "to retire in Fall 2027"

Investments in 2024: Diocesan / Parishes

Bethlehem: \$17,099,960 / \$20,216,790

Central Pennsylvania: \$10,214,560 / \$17,482,190

In 2024, "best guess" of 2026 budget:

Income: \$3,666,400

Expenditures: \$3,636,400

Preface: Reunification Discernment (cont.)



“The Transition Process is overseen by Bishops Scanlan and Nichols. The Standing Committees of each diocese will appoint a Transition Committee to ensure that the various aspects of the Convention mandate to reunify as one diocese are well coordinated as we move toward actual reunification on January 1, 2026.”

The Joint Finance Working Group (“JFWG”) formed by the Transition Leadership Committee

Chairs: The Rev. Jim Jenkins, Deacon (Central Pennsylvania) & Libby House (Bethlehem)

Members:

Central Pennsylvania: Carolyn Fouts, The Rev. Adam Kradel,

Canon Chad Linder (Staff)

Bethlehem: The Rev. Charlie Barebo, Janet Curtis, Claudia Mumua,

Canon Steve Baker (Staff), Paula Lapinski (Staff)

Diocesan Budget over Time



Following the Preface, there are some points to remember about the Diocesan Budget:

Immediate savings

Reunifying gave us the opportunity to permanently reduce many administrative expenses (e.g., only one website, only one accounting system, only one payroll system, etc.)

Savings to come in the near future

Some permanent savings cannot be realized in 2026 but are coming in 2027 and beyond (e.g., only one diocesan audit, after October 2027, only one Bishop, etc.)

Many expenses have a longer timeline

The vision of the Diocese of the Susquehanna is TBD and supporting that TBD vision may require more in some areas (e.g., Mission, Ministry, & Congregational Life, etc.)

Process: Budget Development



In February 2025, the JFWG began meeting to discuss 2026 budget

The JFWG met with Bishops to receive guidance on staff and other goals

Mission & Ministry groups and diocesan work functions spanning

both dioceses submitted input for 2026 budget

The JFWG reviewed and suggested changes

Updated budget draft reviewed by Bishops who suggested changes

The JFWG approved 2026 budget on August 4, 2025

2026 budget presented and approved by each diocesan Finance Committee and

Council of Trustees (Central Pennsylvania) / Diocesan Council (Bethlehem)

Canons: Diocesan Council must approve an updated budget at a meeting in the first quarter of 2026 (actual health insurance rate, actual investment draws, etc.)

Income



Congregational Assessment down ~\$32.5k

Assessment calculation method based on current Central Pennsylvania method

On the average of 4 previous NOIs, 10% on first \$200k, 12% on all beyond \$200k, **no more/less than**

+/- 10% increase/decrease (new to Central Pennsylvania)

Bethlehem: -2% Assessment rate & Acceptance (optional up to +3%) ended

Investment draw rate of 5.5%, adding ~\$93k above 2025

Various other income lines up ~\$51k

“Unrestricted Reserves” to be used in 2026 (~\$214k)

Comprised of unused investment draw since 2019 (~\$525k) and proceeds from two property sales (~\$244k), totaling \$769,587

Assuming full use in 2026, ~\$555k Unrestricted Reserves will remain

Goal is to remove reliance on Unrestricted Reserves before 2028 budget

Expense – Salaries & Benefits



Bishops defined staff needs for 2026

+2.4% COLA

Benefits changes

Central Pennsylvania Lay employees to receive retirement contribution consistent with Bethlehem lay employees (9% -> 18%: up ~\$34k)

Central Pennsylvania employees to transition to PPO90 (from PPO100) consistent with Bethlehem employees and +7.5% increase estimate (up ~\$20k)

Other Benefits changes save estimated \$13k

TOTAL Salaries & Benefits up ~\$55k (+2.79%)

Expense – Mission, Ministry, & Congregational Life



TEC Apportionment as two separate dioceses until 2028

Various changes based on past year actuals and budget needs of diocese

~\$560k requests for new or expanded Mission & Ministry

Balancing budget meant reducing in some areas, while increasing Mission Resource

Grants (\$42.5k) and Assessment Adjustment (\$25k) as diocesan resource fund suggestions, as well as promoting Shaped by Faith across full diocese

TOTAL Mission, Ministry, & Congregational Life up ~\$107k (+13.88%)

Expense – Administrative Expenses



Various reductions due to consolidated functions (phone systems, software services (e.g. diocesan database, accounting platform, etc.), payroll, etc.

Review of Temporary Staff expenses led to savings and some recategorization

At Bishops' direction, added two Independent Contractors:

Beloved Community Consultant (title TBD): one-quarter time

Communications Assistant: one-quarter time

TOTAL Administrative Expenses down ~\$76k (-16.34%)

Expense – Buildings & Grounds



Bethlehem sold their diocesan office in 2025 (saving ~\$22.3k of expenses)

Proceeds invested; unrestricted draw far exceeds current “rent”

St. Barnabas Center (Bethlehem) property expenses moved from non-operating to operating expense following Central Pennsylvania practice of property as part of operating budget, freeing ~\$17k to Mission Resource Grants

TOTAL Buildings & Grounds up ~\$33.6k (+14.7%)

Note: Hopeful sale of Harrisburg diocesan office this year or next

Expense – Clergy Benefits & Support



Diocesan Clergy Conference model to follow Bethlehem practice
of no cost to clergy/congregations (+\$35k)

Expense fully offset with investment draw from a Bishop
Directed Fund

TOTAL Clergy Benefits & Support up ~\$38.5k

(+146.47% – fully offset through investment draw)

Expense – Convention & Meeting Expenses



Diocesan Convention decrease due to single convention (-\$15k)

Gather to restart in 2026 and hopeful to run in conjunction with
Social Justice Summit (+\$16.5k)

TOTAL Convention & Meeting Expenses down \$10.5k (-10.14%)

Summary



Budget is balanced at ~\$3.835 million

Using ~\$214k of ~\$770k of Unrestricted Reserves to balance budget

Congregation Assessment follows Central Pennsylvania model

Any Central Pennsylvania Assessment increase would be due to increased Normal Operating Income

Bethlehem congregations typically will experience reduction of Assessment payments

to the diocese (2% to 5%)

Budget reflects great collaboration this year between the Dioceses of Bethlehem and Central Pennsylvania

~14% increase for Mission, Ministry, & Congregational Life (~107k)

~16% decrease in Administrative Expenses (~\$76k)