

BUDGETING PROCESS

OVERVIEW

One issue that is paramount in doing a budget is getting the people to buy into the budget through ownership (*my* budget verses *their* budget). Once this occurs then they will have the confidence to realize the wisdom of the budget and the purpose of the budget. This requires a maximum number of church members to be involved in developing the annual budget. Such involvement could be construed as dangerous in that no one person has control over the final outcome; it is a product of the empowerment of the church.

A method of involving the most people in the budgeting process is most likely to produce these results. This process should produce top-down support for the budget and purpose of the church.

A group of church leaders needs to be organized as a budget committee to orchestrate the development of the budget. Typically this can be the Church Council or other body of leadership. Most important is that the leadership of the church is integrally involved in the process (fairness with no agendas except to seek out God's will). This group of people should begin their task at least five (5) months prior to the beginning of the new fiscal year.

The charter for this group is to develop an annual church budget, which is tied implicitly to the mission and vision and resources of the church. It should be chaired by the chairman of the finance or stewardship committee (that group which has oversight of fiscal matters for the church). The group should include as many key leaders in the church as possible. Often these leaders can be found in positions of lay leadership as committee chairs. Don't limit the participation to just these, but include other key people, as you are aware of them.

The Finance/Stewardship Committee establish the overall budget amount for the upcoming fiscal year. This is done with foresight into potential growth in revenue and challenges in ministry. The budget should be attainable and realistic, but challenging.

Each committee and organization that requires a budget line item is given the opportunity to request funding for specific activities. The guidelines given to these requesting agencies, is that each request be supportive of a goal of the church as determined in the strategic plan or the Church Council. Any request that cannot be tied rigidly to the five-fold ministry of the church (discipleship, evangelism, fellowship, ministry, and worship) should be denied. All requests should reflect the vision of that committee or organization as they sense God's direction. Those specific requests should be itemized and prioritized with adequate rationale given to explain their request.

The church staff (or some identified agency) should receive each and every budget request and review them for completeness, comprehensiveness, and redundancies. Where required they should make corrections and adjustments. The refined requests should then go to the Budget workshop.

The refined budget requests should be discussed with all budget participants having opportunity to discuss and approve each request. The requesting agency must give defense to their request and prove the case for receiving funding for specific activities. The workshop does not vote or approve budget requests until the last discussion is made. A running total of requested funding is maintained by the workshop moderator. When the total approved matches the established budget amount, the workshop participants must then shift and refine resources to maximize the effectiveness of the budget. When finally approved, the budget goes to the church for discussion and vote.

DRAFT REQUEST

This rightly begins with a visioning meeting where the committees or organizations discern where God is leading them in ministry. One way of accomplishing this is through a process of identifying (1) strengths, (2) weaknesses, (3) threats, and (4) opportunities for ministry. Members should be challenged to review the opportunities set before them for ministry, the resources God has laid at their disposal to perform ministry and discern where the church should be going.

It is important that each ministry or committee responsible for projected expenditures realize that their activities are not in a vacuum, but they must coordinate with other agencies to support one another. Thus, budget requests might well depend on the activities of other ministries. Ministry leaders should realize their need to work together in this request process.

The staff should prepare a draft calendar for the budget preparation that includes most projected church-wide activities, such as VBS, revivals, and mission trips. This is intended to remind ministries of potential impacts to their budgets and not to limit their vision.

Each organization or ministry within the church should be asked to provide a draft budget request. It is important that these requests be tied directly to the mission statement of the church. People should realize that the church is on mission and is directing its resources to the accomplishment of that mission. These requests should be solicited two (2) months before any decision needs to be made. It would be best to use a handout for guiding the preparation of these requests. Appendix A has a suggested format.

The staff should then review the draft requests to discern obvious overlaps and redundancies. With annotations they are then forwarded to the budgeting committee.

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When completed, key people of the budgeting committee or staff should review these draft requests to determine what changes need to be made, if any. This is important in that unrealistic numbers or missing information may skew the budgeting process.

Upon accomplishing this review the draft budget request is returned to the organization or ministry for consideration of changes or inclusions. A revision is expected for the upcoming budget workshop. Assigned people will take these suggested changes back to the originating groups and negotiate the necessary changes.

WORKSHOP

This is a time when the decisions of the final budget are to be made. Everyone involved in the budgeting process will have an active participation in the determination of the final budget. The workshop is designed to provide the maximum number of people the opportunity to know how the mission of the church will be tied to budget allocations and church resources.

Plan to invest five or six hours in this budget workshop. It should be scheduled at a time to provide the maximum participation; a Saturday or Sunday is preferred. The place for this meeting should be large enough to comfortably handle the number of people attending and provide resources necessary for the decision process. One necessary resource would be an overhead projector and viewing screen. It may also include a video projector for computer generated spreadsheet presentations.

Seating should be provided for the budgeting committee and all participants. In order, each participant will present his or her budget request with rationale. Both the budgeting committee and other requesting agencies will have full opportunity to understand their request and how it fits into the overall mission of the church.

As a tool to coordinate the workshop, Appendix B contains a view graph that can be used for discussion and decision-making.

It would prove beneficial to analyze the previous year budget to provide some insight for the group. If possible, each budget item should be identified by its function in the ministry of the church. Typically there are five recognized ministries of the local church: (1) evangelism or witnessing, (2) education or discipleship, (3) worship, (4) ministry and (5) fellowship. Possibly some balance should be preserved in these functions. This would necessitate that expenditures such as stamps, and salaries and utilities be designated for support of the relative function. This is not impossible, but must be intentional to be descriptive of reality. Other ways to analyze a budget may include looking at expenditures related to specific age groups: (1) adults (2) youth and (3) children or some other breakdown. Such analysis can give insight into spending priorities.

No decisions should be made until all budget requesters have had full opportunity to make their request before the committee. If decisions are made during this time then all

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available resources will probably be depleted before each agency has had opportunity to make their request. At the conclusion of the budget requests the budgeting committee will begin to deliberate on the allocations for each requesting agency. Each member of the budgeting committee and each representative of the requesting agency will be given a vote in the final decision for allocating budget monies.

By the conclusion of this workshop the final budget numbers should be allocated. The final action of the workshop is that every member should be able to give vote of affirmation to support the proposed budget.

The people of God respond to the challenges set before them. Stewardship awareness and education are more than annual sermons. The people need to be challenged to consider what part they should bear in the support of the operation and conduct of the church. This provides the opportunity to set before God's people their responsibilities and also determine where they are at in their spiritual journey.

DISCUSSION

Two weeks prior to the adoption of the annual budget, designate a time for a presentation of the proposed budget before the entire congregation. A Sunday evening would suffice for this presentation. It might be optimal to do this in a morning worship service where the doctrine of stewardship is promoted.

No decisions are to be made at this meeting; it is only a time for discussion and review. The church may decide to make this meeting an approved business meeting to give the congregation assurance that they have a direct input into the final budget. In any event, information, which comes out of this meeting may well lead to changes in the final budget when further consideration is given. The congregation should realize that there is still an opportunity to make changes if they deem necessary.

VOTE

The adoption of the annual budget should be made by secret ballot during a morning worship service. This vote will be taken without discussion from the floor. By this time the church congregation has had ample opportunity to review the proposed budget and amend it. It is now time for a decision. It should be stressed that stewardship is more than money; it also includes our time and abilities.

IMPLEMENTATION

Once the budget is approved and the new fiscal year begins, it is imperative that accurate and precise bookkeeping be performed to provide quick feedback to the financial or stewardship functions of the church.

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APPENDIX A

BUDGET PREPARATION FORM

Planning Group _____ Chairperson: _____

MISSION TO BUDGET WORKSHOP

Pray for God's leadership as your group dreams and plans for 2000-2001. Define the work your ministry group will contribute to the church mission statement. Then develop strategies that enable your committee/organization to join _____ Church in addressing needs and objectives that help us fulfill our mission. **YOU SHOULD NOT** START WITH LAST YEAR'S EVENTS AND PROGRAMS AND THEN TRY TO DUPLICATE LAST YEAR.

Together we want to ask God to reveal His will and show us what He desires for us to do.

Vision Statement:

Please follow these steps:

- I. What is the purpose of your organization in light of the church's mission?

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II. With Your purpose in mind, what are the objectives your group will attempt this year?

1.

2.

3.

4.

III. What action plans will help you with these objectives?

1.

2.

3.

4.

IV. Budget Request (by action plan)

Action Plan 1 _____

Action Plan 2 _____

Action Plan 3 _____

Action Plan 4 _____

Action Plan 5 _____

Action Plan 6 _____

DEADLINE FOR THE RETURN OF BUDGET REQUESTS : _____

Planning Group _____

Chairperson: _____

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