



BUDGET TOOLBOX FOR CHURCHES

PRIORITY BASED BUDGETING

In the early 1920s N.T. Tull wrote a book entitled *The Budget Plan, a Unified System of Church Finance*. It was the first of several books and materials on how churches could best develop systematic giving and support both local and convention-wide ministries. The unified budget plan aimed at organizing everything a church supported financially into one plan adopted by the church. Its success depended on enlisting each member to give regularly through his church to support those causes.

Since its inception this approach has generally proven effective. Two concerns have developed during its widespread use. One is that budgets have been adopted but often little has been done to enlist and challenge members to give. Secondly, since this approach includes support for everything the church is doing, it also can lead budget planning members to be more concerned about "covering everything" than focusing on what priorities the church should fund.

A healthy attention to the latter will help motivate members to give. A budget reflects a church's priorities more than what it professes. As one has said, "Don't tell me where your priorities are. Show me where you spend your money and I'll tell you what they are."¹

Over time budgets can lose a connection to a church's mission and objectives. Because of the pressure of time and convenience, budget planning members are often tempted to provide funding for all they are presently doing without evaluating those ministries.

A better approach is to determine priorities and give them the priority support needed and then attend to other ministries as possible. A well-known church consultant has said, "A future-based budget grows giving. People are not motivated to give to a past-based budget. Congregations give generously to giving goals that advance the mission."²

Traditional (line item or incremental) budgets can be characterized by these actions:

- Begin with last year's funding appropriations.
- Focus on money needed more than the church's purpose or priorities.
- Necessary information gathered for budget items especially for fixed budget items.
- Limited communication with ministry leaders and discussion of the church's purpose or priorities including serious consideration of alternative approaches.
- Financial figures often adjusted to produce a single level of appropriation or an "across the board" increase or decrease that are reflected in the budget proposed to the church.

Priority budgets have the following characteristics:

- Allow sufficient time for communication and preparation for all members involved.
- Approach the task with prayer and recognition of the importance of financial support to church ministries.
- Review (or use a process to develop) the church's stated purpose or mission. "The purpose has to be clear and concise. It is the building block upon which all the goals and programs rest. It must be recalled continually so that members of the community of believers are aware of their potential as well as of their responsibilities as witnesses to the fact of Christ...It has to be remembered at all times by all members of the congregation if they want to implement their plan."³
(See Building a Church Budget Bridge



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for the Kingdom for additional help in this area. Copies available from your state Baptist convention stewardship office).

- Plan to align allocations with the church's vision statement, values, mission/purpose statement, goals, and action plans.
 - Start with a minimal figure for funding non-fixed items.
 - Require examination of alternative approaches to achieving similar (or better) results.
 - Consider alternative levels of funding based on availability of funds and desired results.
 - Prioritize requests.
 - Evaluate programs/ministries based on performance or achievement of desired outcomes.
- Each ministry area develops a list of preferred actions by asking the following:
 - a) What would we most like to do? Why?
 - b) What core activities are essential? Why?
 - c) What additional items would we implement if constraints (time, funding, personnel, and resources) were reduced or eliminated?
 - Each ministry area determines the cost of each item of preferred actions.
 - Each ministry area will evaluate each item for which funding is requested by asking the following questions:
 1. How does this item align with the church's mission/purpose statement and priorities?
 2. How will we measure the impact and effectiveness of this item?
 3. Do we have previous data to validate the impact and effectiveness of this item?
 4. How will the funding needed for this activity affect the other projects needed in our ministry area?
 5. If this is not funded, what will the consequences be?
 6. Are there alternative approaches to achieve the same impact?
 7. Are we duplicating something that the local association or state convention is doing?
 - Ministry area ranks the requests in order of importance, including a subtotal of costs as each item is added to the list.
 - Each ministry area submits a budget request /report including the following:

A process for establishing the church's priority budget:

- Budget planning members meet with pastor, staff, and ministry leaders to review the direction of the church and to identify fixed program/ministry items. Since this budget approach calls for the church priorities, the congregation should develop these major priorities through its adopted planning procedures.
- Budget planning members will help leaders in various ministry areas and the entire church by clearly communicating with each leader how the budget planning members are approaching budget development.
- Each ministry, team, or committee receives all applicable information, reviews the mission/purpose statement, and evaluates how that affects the ministry area.



BUDGET TOOLBOX

FOR CHURCHES PRIORITY BASED BUDGETING

1. A summary of ministry area priorities and plans used as a basis for budget request(s).
 2. All budget request forms.
 3. Ranking of budget request forms in priority order.
- The budget planning team will evaluate the requests and establish funding levels for each area.
 - Based on communication from budget planning members regarding approved funding, areas will adjust the list of items to meet the budgetary limits.
 - Budget presented and approved by church body.
 - Planned budget promotion emphases implemented.
 - Ministries performed during the year with a careful measured impact of each ministry.
 - Evaluate impact of all ministries and the budget at the end of the year.

Smaller congregations who want to take a priority approach to budgeting can plan and conduct a congregational challenge meeting. Be creative in giving it a name. A meal or refreshments will add to the occasion. Allow time for members to share their dreams and hopes for church ministries. They may include the areas they feel are essential to the church (outreach, etc.) and include any new ministries.

Enlist someone to keep a record of each. After a designated time, read the list to the congregation and ask them to vote on five priorities for the coming year.

Thank them for participating and ask the budget planning members to use those priorities as a guide in determining the proposed budget.

¹ James W. Frick, *ThinkExist.com*

² Kennon Callahan, *Effective Church Finances: Fund-Raising and Budgeting for Church Leaders*, New York: HarperCollins Publisher, 1992), p. 97.

³ Douglas Johnson, *Let's Be Realistic About Your Church Budget* (Valley Forge: Judson Press, 1984), p. 107.

Proposed Church Ministry Budget 20_____

Name of Church _____

The mission/purpose of our Baptist Church: _____

In light of our mission, the church has prayerfully determined and approved these priorities for the budget year.

- 1. Beginning a new congregation - local missions**
- 2. Faith Program**
- 3. Special Spring Outreach Event**
- 4. YouthLink**
- 5. Sound Equipment**

With God's help, we will fulfill our mission in the following year guided by our ongoing commitment to ministry, the current ministry priorities, and action plans reflected in this proposed budget.

MISSION MINISTRIES

Mission ministries are a major concern for our congregation. This year we will participate in planting a new congregation in a growing part of our city. In addition we will have a part in everything Southern Baptists are doing in our state and around the world (Cooperative Program), and in our own area (_____ Baptist Association). Special ministries involve benevolence and our city's community mission.

	Current	Proposed
Local Missions (Priority)	\$ _____	\$ _____
Cooperative Program _____%	\$ _____	\$ _____
Associational Missions _____%	\$ _____	\$ _____
Special Ministries	\$ _____	\$ _____
_____	\$ _____	\$ _____

PASTORAL MINISTRIES

Proclaiming the Word of God is a major concern of our church. Our pastor, _____, faithfully preaches and teaches the Bible. In addition, our pastor visits in homes, hospitals, and other institutions. He counsels with many persons with special concerns, conducts funerals and weddings, and leads our church in planning special events and maintaining a strong witness in our community.

	Current	Proposed
Pastor's Salary	\$ _____	\$ _____
Pastor's Housing	\$ _____	\$ _____
Pastor's Educational Allowance	\$ _____	\$ _____
Secretary	\$ _____	\$ _____
_____	\$ _____	\$ _____

EVANGELISM MINISTRIES

Reaching our city for Christ is a priority for our church this year. Complementing our efforts to establish a new congregation in a growing area of our city will be our personal efforts to witness and reach people for Christ through our church. Soul-winning training and a special outreach event in the spring will help us give priority to this concern.

	Current	Proposed
Faith Program (Priority)	\$ _____	\$ _____
Special Spring Outreach Event (Priority)	\$ _____	\$ _____
_____	\$ _____	\$ _____

EDUCATIONAL MINISTRIES

Building up the body of Christ relates to every member. This year we focus on our youth. Through YouthLink we will enable our youth to boldly share their faith with other youth. Bible study resources, missions education materials, leadership training, and special youth and children events are all in this area of ministry.

	Current	Proposed
YouthLink (Priority)	\$ _____	\$ _____
Bible Study Literature	\$ _____	\$ _____
Vacation Bible School	\$ _____	\$ _____
Missions Education Resources	\$ _____	\$ _____
_____	\$ _____	\$ _____

WORSHIP AND MUSIC MINISTRIES

God has blessed our church with dedicated and talented musicians to lead us in worship. All ages are involved through our graded choir program. Purchasing and installing a new sound system will further enhance our worship.

	Current	Proposed
Sound Equipment (Priority)	\$ _____	\$ _____
Minister of Music Salary	\$ _____	\$ _____
Minister of Music Housing	\$ _____	\$ _____
Secretary	\$ _____	\$ _____
Music Literature and Resources	\$ _____	\$ _____
Instrument Maintenance	\$ _____	\$ _____
_____	\$ _____	\$ _____

SUPPORTIVE MINISTRIES

Needed help from "behind the scenes" describes this area of ministry. It involves expenses for communicating with our membership, expressing our concern, and monetary support for staff members. These items help create awareness and support for other vital ministries.

	Current	Proposed
Office Supplies	\$ _____	\$ _____
Stewardship Development	\$ _____	\$ _____
Social Security	\$ _____	\$ _____
Travel Reimbursement	\$ _____	\$ _____
Flowers	\$ _____	\$ _____
_____	\$ _____	\$ _____

BUILDING AND GROUNDS MINISTRIES

Having a place for our church to gather encourages us to worship, study, train, and fellowship in a comfortable setting. All expenses related to the upkeep and repairs of our facilities are included in these ministries.

	Current	Proposed
Custodian's Salary	\$ _____	\$ _____
Utilities	\$ _____	\$ _____
Building Security	\$ _____	\$ _____
Debt Retirement	\$ _____	\$ _____
_____	\$ _____	\$ _____

TOTAL COST-PROPOSED MINISTRIES

	\$ _____	\$ _____
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