

# Reflections On Congregational Life

# BUILDING A BUDGET

by  
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A congregation's budget is its most read and debated document. At annual meetings more questions are raised about the budget than any other report. Therefore, building a budget takes careful consideration and planning. An effective budget has four components: 1. a commonly agreed upon theology / ecclesiology, 2. a clear philosophy concerning the budget, 3. the budget itself, and 4. a strategy to "sell" the budget to the congregation.

## **A Budget Is Built Upon A Congregation's Ecclesiology**

A congregation's theology / ecclesiology greatly influences budget allocations. A congregation which teaches and constantly reinforces a biblical ecclesiology is more likely to allocate adequate funds for ministries that meet the spiritual, psychological, and physical needs of members and non-members. Such an ecclesiology might be: 1. Jesus is the head of the congregation, 2. at his ascension, Jesus transferred his ministry to congregations of every age, 3. congregations are to minister to the world in Jesus' name, 4. congregations are to transform non-believers into Jesus' disciples and members of his church, and 5. congregations need to care for their members. On the other hand, a congregation that cannot articulate the ecclesiology behind its existence is likely to allocate its funds primarily, if not solely, to ministries that exclusively serve its members.

A congregation's purpose, vision, and strategic plan also affect the building of a budget. A congregation with a well known purpose (as defined by its ecclesiology), a clear vision on how it will fulfill its purpose in the next five to ten years, and a strategic plan complete with a time table is more likely to allocate its funds to ministries that fulfill its vision and strategic plan. On the other hand, a congregation that does not have a known purpose, vision, or plan is likely to duplicate last year's allocation of funds without re-evaluation.

The first component in budget building is for congregational leaders and members to agree upon an ecclesiology, purpose, vision, and strategic plan on which a budget can be built. Without such agreement, budget allocations reflect only the personal values of the congregation's power brokers.

## **A Philosophy Behind A Budget**

There are three philosophical principles in building a budget. The first takes note of two quotations. One is from Jacob Needleman, "...the chief representative of 'life on earth'... is now money" (from *Money And The Meaning Of Life* p. 43) The second is from the Bible, "For the love of money is the root of all evils;..." (The writer of 1 Timothy 6:10 does not say "money is the root of all evil.") These two quotations teach that we manage the challenges of life with money which is not evil.

The second principle is that members do not contribute financially in order that a budget might be met. Members contribute to ministry. They give to current ministries that meet the needs of people, and they contribute to future ministries outlined in the vision.

The third principle is that a budget builds a bridge between ministry and the financial resources ministry requires. All ministries require resources such as financial support, adequate space, leadership, and participants. Without these resources, ministry does not occur. The budget defines the financial resources needed for worship, adult and youth groups, and evangelism based upon meeting a need in the larger community.

The bridge between a ministry and the budget can be built in many ways. It can be built by adding an explanation column next to budget line items; i.e., the youth budget was increased by 20% because we are adding two new ministries to attract unchurched youth. The bridge may be built in the annual report; i.e., the Worship and Music Committee's report is immediately followed by its budget printed on the same page. Or, the bridge may be built by enclosing a letter with the quarterly statement advising a member about the status of his or her pledge. The letter describes a ministry that has made a difference in the community or in the life of an individual. The letter ends with these words, "Without your contribution, this ministry would never have occurred."

In summary, the philosophy behind budget building is that effective budgets connect ministry to financial resources.

## The Budget

Defining a congregation's ecclesiology and affirming a philosophy behind a budget always precede building the actual budget which is the third component in the budget building process. Without ecclesiology and philosophy, the actual budget lacks a foundation.

Building a house is a good metaphor for building a budget. A house has rooms designed for specific purposes; a kitchen for meal preparation, a family room for watching television, bedrooms for sleeping, and maybe a recreation room as a play area for children. A budget also has "rooms." Lyle Schaller defines three such rooms; 1. Care Of Members, 2. Evangelism To Individuals, and 3. Partnerships With Other Organizations.

Building a budget around these rooms allows members to appreciate how individual ministry programs are related to a congregation's ecclesiology, purpose, vision, and strategic plan. For example, "Care Of Members" includes worship, Sunday School, mid-week Christian education, fellowship groups, chaplaincy care, and maintaining an adequate building. Most members would not think of worship, education, and maintenance as care of members but they are. The room "Evangelism To Individuals" includes mid-week community programs designed to address the needs and challenges in the larger community such as Christian Financial Management In Economic Down Turns, a Vacation Bible School designed to attract unchurch youth, and a support group for single parents. The room "Partnerships" includes synod benevolence, seminary support, and a portion of the pastor's compensation designated for time spent working with organizations that serve those outside the congregation's walls.

In building a budget, there is always the question, What percentage should be allocated to Care Of Members, Evangelism To Individuals, and Partnerships With Other Organizations? Following are some guideline. In larger congregations, between 65% and 75% is allocated to care of members and 25% to 35% is allocated to Evangelism and Partnerships. In smaller congregations, allocation for Care Of Members can be 85% to 90% of the total budget. In terms of salary compensation, most congregations allocate between 50% and 60% of their budget for all professional and support staff.

Finally, if a congregation wants to increase the percentage of its allocation to a particular room; i.e., increase its Partnership allocation from 10% to 20% of the budget, it needs to recognize that it is very difficult to take existing allocations from one room and put them in an another room. Instead of trying to reallocate existing budget line items, a congregation may decide to increase the percentage of a room's allocation by establishing a policy that requires one-third of all new money, including increased giving for next year's budget, be allocated

to Partnership ministries until Partnership ministries is 20% of the total budget.

## "Selling" The Budget

One way to "sell" a budget is to take seriously the four generational groups in every congregation. There are the Builders (born between 1927 and 1945) who care deeply about tradition and maintaining what already exists. There are the Baby Boomers (1946-64) who want to change the world. There are the Baby Busters (1965-84) who are concerned about relationships. And, there are Mosaics (1985-2004) who are technologically savvy and socialize in groups. Presentations about the budget need to tell Builders about ministries that maintain the traditions of the faith. It needs to tell Boomers about ministries that make the world a better place in which to live in the name of Jesus. It needs to tell Busters about ministries that build and sustain long-lasting relationships. And, it needs to tell Mosaics about ministries that bring them together in positive group settings.

Addressing each generational group occurs in many ways. In the stewardship campaign, a respected member of each generational group endorses the budget because it meets that generation's needs and expectations. Or, the stewardship campaign can design niche-marketing letters to be sent to each generational group. Or, a stewardship letter can accompany quarterly financial statements. Each quarterly letter is dedicated to one generational group. When this type of niche-marketing occurs, every member of the congregation sees the breadth and depth of the congregation's ministry programs and the importance of their contribution.

## Summary

Building a budget is more than putting numbers on a page. A budget reveals a congregation's ecclesiology (or lack of it), its philosophy concerning money, and the ministries it offers to meet the spiritual, psychological and physical needs of members and non-members. Building a budget is a vital part of the ministry of leadership in a congregation.

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