

# PRINCIPLES OF Congregational Budgeting

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A quality ministry budget approved by a congregation's voters assembly is a fruit of faithful stewardship. It is a reflection of the core beliefs and values of the congregation. In this section of *Congregational Stewardship Resources*, we will receive practical insights to help keep the budget-making process from becoming scary or arduous.

All of the ideas shared in this section flow from objective biblical principles of stewardship. But it should be understood that not all churches and budgets will look the same. The goal is that all churches will have a systematic approach to budgeting that reflects biblical teaching and their own unique culture.

## Introduction

I have served in two dramatically different congregations. My first parish was small and most of its members were blue-collar workers. My second parish is large and full of managers, engineers and CEOs. In my first church, the budget was something we tried to meet just to keep our doors open. In my second church, there are many more resources and there is much more wiggle room in case we encounter a bad month or two.

The only thing that looked similar to my first congregation when I arrived to begin work at my second congregation was the long and anxious budget meetings. It seems those are common regardless of the size of the congregation. Church leadership deals with large sums of money and practices not uncommon to those in the corporate world. This can be difficult in itself. Yet they also do so in an intensely personal setting. Some people care very deeply about how the church's resources are used and aren't afraid to let you know. Others struggle with letting go of what God has given them and resent hearing that they should. Sometimes the economy is good. Other times it's lousy. Budgeting is hard work!

Yes! Budgeting is hard work, but it doesn't have to be anxiety-inducing, miserable work! Meetings don't have to be filled with conflict and go on for hours. The budget can be a wonderful tool that articulates clearly how the congregation is being led by God to serve Him and the community.

Our most recent voters assembly took less than 10 minutes, during which time a \$1.6 million budget was unanimously passed. It has taken a few years and the generation of some trust to get to that point, but it was possible because our congregation has adopted concrete principles for forming our budget.

The following is a personal example of our church's ministry plan. Our ministry plan defines who we are and what we do, along with the money we spend.

Core Ministry Areas	Core Programs/Ministries
1. Worship	Worship Services and Cantatas
2. Christian Education	Day School Children and Youth Small Groups
3. Compassionate Care	Stephen Ministry Pantry Home Repair Ministry

All of our staffing, facility and resource decisions are made based on serving these ministry areas and programs. This means we've had to make a conscious decision not to do some other things, which isn't always easy. The positive side of this is that when our congregation receives a copy of the proposed budget, they have already agreed that this is what we are going to do. Church leadership is simply funding their wishes! It seems simple. Perhaps overly so! And yet, many congregations would benefit from adopting this systematic approach.

## Principles of Biblical Stewardship

Before a congregation begins its budgeting process, the leadership of the church should be educated on principles of biblical stewardship. A budget looks and feels very practical and secular. It's a business document. But that doesn't mean it shouldn't flow from some deeper guiding principles. Leadership must avoid the temptation to ever separate its practice from a firm foundation of faith and truth.

Stewardship is rightly defined as this: “Christian stewardship is the free and joyous activity of the child of God and God’s family, the church, in managing all of life and life’s resources for God’s purposes.” And this stewardship should be applied across our vocations in church, family and society.

Before digging into the nuts and bolts of the budget, go over the following guiding principles as church leaders. Commit to sharing these principles with the whole congregation.

- We belong to the Lord (Gen. 1:1; 2 Cor. 5:14–17).
- We have been entrusted with responsibly managing the gifts of God’s creation (Luke 12:35–48).
- We recognize that our capacity for managing God’s gifts cannot be separated from Christ (1 Peter 2:4–10).
- We live lives of personal faith, not private faith (Gal. 6:7–10).
- We are called to service in the world but do not embrace the world (Rom. 12:1–2).
- We love as Christ first loved us (1 John 3:16–18).
- We are not just stewards at church but in all facets of our lives — in our vocations in church, family and society (Matt. 25:31–46).
- We find comfort here and now in sometimes difficult work through God’s eternal promise (Rev. 14:13).

What does this mean for the formation of the budget? Consider one example: If you find that there is nothing allocated in your budget to serve the poor in some intentional way, are you really practicing biblical generosity? While there can be much variation on how a particular congregation serves, it is clear that a congregation must serve.

One principle our church has is that the budget must balance. We also have certain parameters on debt allocation and mission spending. These are wise policies for congregations to have, but church leaders should ensure that any policy is never separated from who we are as Christian stewards.

## The Ten Commandments of Congregational Budgeting

The following guidelines are drawn from countless anecdotes from within congregations. They are intended to give congregational leadership some practical thoughts as they approach the development of the budget.

### 1. YOU SHALL NOT FAIL TO HAVE A MINISTRY PLAN BEFORE CRAFTING YOUR BUDGET.

Much like the First Commandment that was given to Moses on Mount Sinai, this is the budgeting commandment from which everything else flows. A congregation must have a clear plan and

agreed-upon goals to make the budgeting process positive. A ministry plan provides solid ground when making tough decisions. It allows you to form a budget based on what you want to do, rather than base what you want to do on a budget.

### 2. YOU SHALL NOT FUND MINISTRIES THAT LIE OUTSIDE OF YOUR MINISTRY PLAN.

This is harder than it sounds to implement, especially in churches with a long institutional history. But the premise is simple. If dollars are going to be allocated to a ministry or program, make sure it’s in your ministry plan. That way, you also can explain to anyone who questions the spending in the congregation that the resources are going to something the membership agreed to do. If you fund something that is not in your ministry plan, it opens up the possibility for confusion about the direction of the congregation. It also causes individuals to lobby, sometimes very vocally, for money for items they consider important.

### 3. YOU SHALL NOT PIT MINISTRY PROGRAMS AND THEIR NEEDS AGAINST ONE ANOTHER.

This is a common problem in congregations that also operate a day school, but it can happen anywhere. When the pot of money is limited, there are often difficult decisions to make. Help alleviate some of the conflict that is prone to exist among members by teaching them to understand that if something exists in the ministry plan, it needs funding. Work together to fund all your ministries, rather than having the mindset of cutting one to provide more to another.

### 4. YOU SHALL NOT DRAMATICALLY INCREASE THE TOTAL BUDGET FROM ONE YEAR TO THE NEXT AND CALL IT “STEPPING OUT IN FAITH.”

This does not mean a congregation should fail to stretch itself or that it shouldn’t aim for growth. However, congregations should utilize historical trends and current demographics when deciding the size of the budget. Significant increases to the budget do need more of a basis than hope. Leadership should avoid being spiritually manipulative. (For example, “If you loved Jesus more, you’d give more and we’d have more.”)

### 5. YOU SHALL NOT MAKE CUTS TO THE BUDGET WITHOUT FIRST MAKING CUTS TO THE MINISTRY PLAN.

It is unfair to staff and volunteers to expect the same results without the same resources. Therefore, if it is determined that something cannot be funded, it should be clearly articulated that the goals of the ministry plan have changed.

### 6. YOU SHALL NOT TALK AS OFTEN ABOUT “MEETING THE BUDGET” AS YOU DO ABOUT MEETING THE GOALS OF YOUR MINISTRY PLAN.

It is possible to not meet the budget and have a very God-pleasing year of ministry. It also is possible to meet the budget and see the ministry fall short in a variety of ways. The goals of the ministry plan must always be the congregation’s primary concern.

7. YOU SHALL NOT BE IMMOBILIZED BY FEAR OF CHANGE.

This doesn't apply only to the budget. But your leadership must be committed to the understanding that ministry needs are continually evolving, as are the financial needs.

8. YOU SHALL NOT BE OVERLY INFLUENCED BY ANY INDIVIDUAL OR GROUP.

There will always be some in the congregation who are more interested and vocal about a particular line item in the budget. They should be heard and respected, but they should not have inordinate power.

9. YOU SHALL NOT TREAT YOUR BUDGET AS THOUGH IT IS THE INERRANT AND INFALLIBLE WORD OF GOD.

Be careful not to look at the budget as unchangeable. It is an estimate of income and expenses. If the estimates are not accurate, change the budget. Items like utilities fluctuate, and there should be a process in place to allow a bill that exceeds the line item to be paid without having a congregational meeting.

10. YOU SHALL NOT HOLD MEETINGS TO DISCUSS THE BUDGET THAT LAST LONGER THAN 60 MINUTES.

Long meetings tend to sap energy and unity. To combat that, use your ministry plan and have a clear presentation of the budget and why it should be passed. Long meetings are often the result of a poor foundation leading up to the meeting.

*Exercise 1*  
*Church leadership should be able to answer the following types of questions before filling in the line items of the congregation's budget.*

What is our mission and vision?

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Would congregation members be able to articulate our mission and vision?

\_\_\_\_\_ Yes      \_\_\_\_\_ No

What 3–4 ministry programs do we value most?

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What are we best at?

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What ministry program do we want to add next year?

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What 1–2 ministry programs do we want to add in the next few years?

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If necessary, what would we stop doing?

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Do we have the necessary staff in place to lead the ministries we are funding?

\_\_\_\_\_ Yes      \_\_\_\_\_ No

If no, what plan do we have for adding staff?

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## Seven Budgeting Pitfalls to Avoid

*While the principles below may not necessarily be deadly, congregational leadership should avoid giving in to the following temptations when forming the budget.*

**ENVY:** It's easy to look at what the church down the road is doing successfully and try to copy that — especially if they're growing and your church has plateaued or is stagnant in membership. This rarely, if ever, works! They're good at what they're good at, and you're good at what you're good at. Stick to being led by your gifts and your passions, not theirs!

**WRATH:** Don't let a congregational conflict or failure in the past determine how you proceed in the future. Being vindictive or fearful should not be confused with being diligent and wise. Be led by core values, beliefs and goals.

**SLOTH:** It's a temptation to simply (lazily) recycle the same budget year after year with only a few dollars difference here or there. Examine closely what ministries should continue or get additional funding and which ones might not.

**GLUTTONY:** Balance the inward needs of the congregation with a strong desire to help the poor and suffering in the community.

**GREED:** Often, a budget remains stagnant because the leadership wonders what might be lost personally if the budget is increased, instead of what might be gained. There are other times members want a program to receive significantly greater funding because it will affect them directly. Delicately discern issues such as these.

**LUST:** Have goals. But also learn to want and enjoy what God provides for you at the present time. Don't want something so badly that not yet being able to fund it causes dissension or despair.

**PRIDE:** Consider when it's the right time to let go of a sacred cow. And be committed to supporting the budget that was passed by the voters assembly instead of focusing on what didn't get passed.

## Ways to Increase Revenue

*This section is not intended to be at odds with cheerful firstfruits giving. It offers some practical ways to assist members in faithful giving, as well as some other opportunities to maximize revenue.*

**ELECTRONIC FUNDS TRANSFER (EFT):** The opportunity for members to give their offerings electronically is consistent with how most of them now pay their bills. It helps members who may travel on many weekends to still consistently support the work of the congregation.

**ONLINE GIVING:** This can be a significant blessing should there be a Sunday when circumstances keep members from gathering for worship (e.g., a blizzard or building problem). Members can be encouraged to give via the website so that church operations are not adversely affected.

**ENDOWMENT:** Strongly consider beginning an endowment fund if you do not already have one. This is especially appealing for members with significant wealth who want to leave a lasting legacy. An endowment provides a never-ending and growing source of revenue for the congregation.

**ADDITIONAL SOURCE FUNDING:** Congregations may want to consider options to generate revenue beyond offerings. Operating resale shops has proven successful in many locations while also providing a needed service in the community. Other churches rent out some of their building space. Funding generated in this way can be used much the same way resources are used when received from a special campaign.

**GIVING KIOSK OR CELL-PHONE APP:** This will not be a welcome addition in some congregations, depending on the demographics. It is included here to underscore that church leadership would be wise to stay in tune with how technology has changed the way many young people hear, communicate and participate.

Not all of these ideas will work everywhere. And this is certainly not an exhaustive list. They are consistent efforts to maximize people's giving potential. Ongoing efforts to help people practice faithful giving in new ways will prove to be more effective than an end-of-the-year plea for people to give additional gifts so that the budget can be balanced.

## Motivations

One of the more significant challenges to crafting a quality budget in the church is the fact that not all givers share the same instincts. Certainly some giving is very self-centered. But even people with a sincere desire to give back and to serve God can be motivated differently. Here are some of the most common distinctions among people who desire to give faithfully.

**GIVE TO THE INSTITUTION:** The older the giver is, the more likely it is that he or she is motivated to give to the institution. These givers have a deep commitment to the preservation of their church. They also tend to have a higher level of trust in the leadership of the church.

**GIVE TO A CAUSE:** The younger the givers are, the more likely it is that they are motivated by a particular ministry program or event. They want to see tangible results with their resources. Growing up with the Internet has conditioned them to think differently. So much is accessible to them that they can become very frustrated by roadblocks or a lack of results.

**GIVE TO AN EMERGENCY:** This giver is motivated mainly by dramatic occurrences (e.g., the church roof caves in). They also are most likely to want funds to be set aside for maintenance and a rainy day.

Church leadership is wise to understand these different motivations. While it is imperative to continually teach people that we are to give cheerfully as a response to God’s grace and not to get something in return, understanding how different minds work will assist leadership in their communicating of the particulars of the budget. For instance, the people who are motivated by emergencies will be pleased to hear that the budget has a line item to set aside funds for a future parking lot project. This will make the process of passing the budget easier and increase ownership.

Exercise 2

Describe the culture of the congregation.

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What are the most prevalent age demographics in our congregation?

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What attitudes are common to these demographics?

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Do any other key demographics exist? What are traits common to them?

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How can we communicate the budget more effectively to people with different giving instincts?

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Institutional Policies

Congregations are different. Few church budgets will look exactly alike due to a wide array of variables, not the least of which are the different cultures and personalities of congregations. With that being said, there are some good internal policies that should be in place before the budget-making process begins. Waiting until after the budget process begins will provide great opportunity for conflict and confusion.

The following list assumes that each congregation can come to a decision that works for them. The policies will be different from place to place. But the answers should not be assumed. They should be clearly articulated in church documentation.

- › What type of budget will the church leadership draft and present to the congregation? A narrative budget? A zero-based budget? A line-item budget?
- › How much debt, as a percentage of the budget, is the congregation willing to assume?
- › What is the wage scale for workers? How are salary increases or decreases determined? When can new staff be added?
- › Will the congregation send a portion of its budget to work outside of the congregation? Where? What percentage?
- › When does the budget need to be readdressed by the congregation during a fiscal year? How are cuts made?
- › Can the pastor or other leaders alter line items in the budget without congregational approval? How?
- › How will the total estimated income of the budget be determined?
- › What portion of the budget will be set aside for future needs, such as maintenance?
- › What amount should the congregation have in reserve funds? How and when are these funds used?
- › Is it possible to borrow from restricted funds for operational use? If so, how and when are they paid back?

The policies a congregation writes do not have to be long. They also can change over time. But they should exist so that the leadership has a framework and so that discussions are not bogged down endlessly.