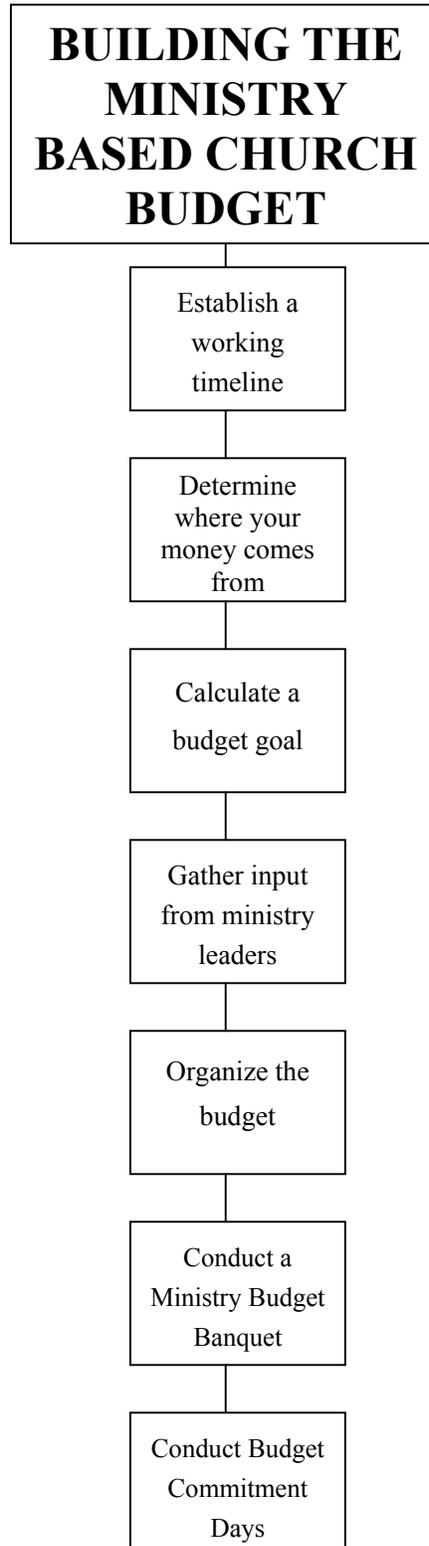


DEVELOPING A MINISTRY BASED CHURCH BUDGET

Stewardship/Cooperative Program Division
Louisiana Baptist Convention

A ministry based church budget time line:



I. The need for a Ministry Based Budget:

- A. Most church financial planning groups will establish the budget guideline for the coming year by examining the income of the church for the previous year and then adjusting that amount based on their “feelings” for the amount of income for the next year. This process starts with a dollar figure and asks the church ministries and organizations to fit within that figure.
- B. A ministry based budget starts from the purpose, desire, and need of the ministries, organizations, and groups of the church. The financial planning group can study the budget requests as compared to the budget goal once the needs and desires of the ministries, organizations, and groups are known.
- C. The church is not a financial institution but a people institution. This important fact is something all church leaders need to recognize. Christ established the church for people – nothing else. Since the church is a people institution all the work within the church should be based on people – including the financial structure of the church. As important as the financial structure of the church is to the operation of the church, it needs to take second place to people. People come first.

II. The concept of establishing a budget goal based on people.

- A. As stated above, most budget preparation committees will establish a budget goal for the coming year based on financial information and feeling.
- B. A church that is people orientated will need to alter this process and base the budget goal on people. The best way to accomplish this is to inquire of the ministries, organizations, and groups within the church that bring income into the financial structure of the church what their plans are for the coming year. Not financial plans. But plans to reach people for their organization, ministry, and/or group.
 - 1. The first step is to determine what paths money takes to enter the church’s financial system. There are basically four paths that most churches will identify: Sunday School, worship service, mail in, and sales/registration fees.
 - a. Once the pathways have been determined it will be important for the budget preparation committee to calculate what percentage of the money that has entered the financial structure came through each pathway. For instance it might be determined that 55% of the money came through the pathway of Sunday School and 40% came through the pathway of worship service.
 - b. Next the budget preparation committee will need to determine a per capita amount for each pathway. If the Sunday School averaged 100 people divide the total amount that came in through the Sunday School by 100. This will give an average per person.

2. The second step is for the budget preparation committee to ask each organization, ministry, and group within the church for their people goals for the coming church year. An example would be the Sunday School. The budget preparation committee should ask the Sunday School leadership if they have a plan to reach more people in the coming year than they have reached in the current year. If the SS leadership responds that they have a plan in place to reach more people ask what the goal is. In our illustration this Sunday School was running 100. Their goal for the new year is to run 150.
3. Now the budget preparation committee simply needs to do the math in order to obtain a budget goal for the coming year. Take the per capita amount for a specific organization, ministry, or group and multiply it times the people goal for the new year. This will give a projected amount of income for the new year. Next take the projected income amount and divide it by the percentage of the total income for this year. Here is an example of this process:
 - a. If the church had \$100,000 to come in through all pathways
 - b. If 55% (\$55,000) came through the Sunday School
 - c. If the Sunday School average attendance were 100
 - d. Then the Sunday School per capita was \$550 per person for the year
 - e. If the Sunday School goal for next year was 150 people
 - f. The projected income through Sunday School would be \$82,500
 - g. That would make the projected total budget \$150,000

III. Actions for preparing the Ministry Budget:

- A. Establish a working timeline
 1. Create a list of all the actions to be done to create a ministry-based budget. Some examples are:
 - a. Determining where your money comes from
 - b. Calculate a budget goal
 - c. Create a ministry list
 - d. Gathering input from ministry leaders
 - e. Organizing the budget
 - f. Establish a church awareness calendar
 2. Select a calendar date by which each item on the list of actions will be completed.
 3. Place each item of the list of actions on a calendar and give each member of the financial planning group.
 - a. Determining where your money comes from
 - b. Review the income for the church over the previous twelve months.

- c. Determine how monies entered the financial structure of the church.
- d. Establish the percentage of the total monies for each of the methods of entry into the financial structure.
- e. Create a listing of the various methods of entry into the financial structure of the church.

B. Calculate a budget goal

1. Review the list of ways money enters the financial structure of the church.
2. Determine if the list reflects the way monies have normally entered the financial structure or if the previous 12 months produced an abnormal listing.
3. If the income for the church over the past 12 months has produced an abnormal income list, determine if the abnormality is a one-year occurrence or if this is the new trend for the church. An example would be the addition of a second or third morning worship service. This addition might cause the method of monies entering the financial structure to change from the previous year. If this worship service were a one-year action (or short term action) then the change in giving patterns would be an abnormality. However, if the worship service were a permanent addition then the change in giving patterns would be considered permanent.
4. Calculate the average per person amount given to the church through the number one method of giving. Taking the total amount given to the church and dividing it by the total number of people participating in that item will give you the average amount given per person.
5. The main question that needs to be answered at this point is “What is the people goal for the event or program that is the number one giving method?” If the Sunday School, as an example, is the number one method of funds entering the financial structure of the church, the question would be “What is the Sunday School attendance goal for this next year?”
6. You can create the budget goal for next year by taking the average per person gift and multiplying it with the people goal.

C. Creating a ministry list

1. Make a list of every ministry, organization, group, event or item that is connected with the church and is in need of receiving funds from the church.
2. Add to the list any ministry, organization, group, event or item that is currently not connected with the church but needs to be added to the ministry list of the church. These new items may have come as a result of a church-wide dream session, staff planning meeting, or other long range planning meetings.
3. Take the individual items on the ministry list and group them into categories: i.e. missions, education, personnel, maintenance, etc.
4. Place beside the name of each item in each category the name of the individual who is the chairman, director, president, or overseer of that item.

D. Gathering input from ministry leaders

1. Create a form to give to the ministry leaders that will allow the ministry leaders to make their budget requests in a consistent format.
2. Gather the people together that are listed in item number 3 of “Creating a ministry list.”
3. Explain the purpose of a ministry budget as opposed to a dollar budget.
4. Outline the process for gathering information from those in this meeting to create the details of the ministry budget.
5. Dispense the budget request forms to the ministry leaders. Also give them the date they are to have the request forms returned to the financial planning group.

E. Organizing the budget

1. Gather the budget requests from the ministry leaders.
2. Place the information from the budget requests onto a budget-planning sheet in the appropriate budget category.
3. Total the budget requests and calculate the items in the budget that are based on percentages (i.e. Cooperative Program and associational missions). The formula for this is to take the total of the budget requests and ask “This total is a certain percentage of what grand total? If the desire of the church is to give 10% through the Cooperative Program and 3% to the Association, then the proposed budget total would be 87% of the Grand Total.
 - a. The budget requests total \$150,000.
 - b. The church wishes to give 10% through the Cooperative Program and 3% to the Association. That is a total of 13%.
 - c. Divide \$150,000 divided by 87% to get the grand total of the proposed budget (\$172,413.80).
 - d. Multiply the Grand Total by 10% to obtain the Cooperative Program amount (\$17,241.38).
 - e. Multiply the Grand Total by 3% to obtain the Association amount (\$5,172.41).
4. Compare the budget grand total to the budget goal in item 4 “Calculate a budget goal” of this outline. If one number is significantly higher than the other number an adjustment will need to be made. The financial planning group should do any adjustments after careful consideration and discussion.
 - a. If the budget goal is higher than the budget grand total the financial planning group should re-evaluate the budget goal. If the goal is still acceptable the financial planning group should give some instruction to the ministry leaders concerning increasing their budget requests.
 - b. If the budget goal is lower than the budget grand total the financial planning group should communicate to the ministry leaders how much the budget requests need to be lowered. It should be up to the ministry leaders to establish a new figure for their ministry rather than the financial planning group.
 - c. Once any adjustments are made the percentage items of the budget should be recalculated as illustrated in step three of this section.

F. Lead the church to vote on the budget

1. Once the budget development process has been completed the budget preparation committee should present the proposed budget to the church for final action.
 - a. The process for presenting the budget should follow the guidelines outlined in your church constitution and by-laws. The financial planning group should prepare a handout of the proposed budget. The handout is to be in two sections. First section is to illustrate the proposed budget with category and line items and amounts for each item. The second section is to be a written description of each category and line item of the budget. The description should identify to which ministry, organization, or group the category or line item is related. The description should also briefly outline the use of the requested funds.
 - b. The financial planning group should distribute the proposed budget handout to the church membership during a Sunday morning worship service just prior to the scheduled budget discussion and vote.
 - c. Prior to the budget discussion and vote, the financial planning group should divide the sections of the proposed budget between the members of the financial planning group. Each member of the financial planning group should become so familiar with the assigned areas that he/she could answer almost any question about that area. The financial planning group members should also request of each leader, director, or president of a ministry, organization, or group to be present for the budget discussion and vote. The financial planning group may call on them to share additional information.
2. After the proposed budget has been discussed the church should be encouraged to share their individual views by voting to approve, reject, or send back to the committee the proposed budget.
3. If the church votes to reject the proposed budget, the church will then need to give guidance as to what the next step in the budget development process would need to be taken.
4. If the church votes to send the proposed budget back to the committee for revision the budget preparation committee will need to meet as soon as possible to consider the revisions.
5. If the church votes to accept the proposed budget the budget process should move to the next step.

G. Conduct a Ministry Budget Banquet

1. When the church votes to accept a proposed budget it means the members of the church basically understand the financial make up of the budget. Many people think this is all it takes to have the membership actually “buy into” the budget and begin giving to meet the budget. But there is something else.

2. Now the members of the church need to become aware of the actual work that can be conducted because of the adopted budget. It is one thing for them to know the numbers. It is another thing for them to see what could happen.
3. A good method of allowing the membership to see or experience the work is by conducting a budget banquet.
4. A coordinating group would need to be established to arrange for the details for such a gathering to be completed. This could be the hostess committee of the church or a special group that is put together for this one occasion.
 - a. The location for the banquet will need to be secured.
 - b. The menu for the banquet will need to be developed.
 - c. The method of food preparation will need to be determined.
 - d. The decorations will need to be made and set in place.
5. The visual display of the ministries of the church will need to be created.
 - a. Create displays that indicate the major section titles within the budget.
 - b. Obtain photographs of people engaged in each of the activities that come under each of the major section titles of the budget.
 - c. Place these displays around the banquet room in a random order.
6. A group will need to be assembled to create the agenda for the banquet.
 - a. Make arrangements for a good music presentation that will be well received by the church members.
 - b. Present a brief summation of the history of the church.
 - c. Have a challenge to conduct the ministries of the church presented. This should be done in a creative and less solemn method than most challenges. Utilize various personal testimonies throughout the challenge. The objective is to have the people leave the banquet excited about what can be done through their church.
7. Enlist personal testimonies from church members relating to several of the ministries shown in the pictures around the room.

H. Conduct Budget Commitment Days

1. Two Sunday morning worship times should be scheduled for the budget commitment time.
2. The first Sunday should be a time for the church staff and lay leaders of all ministries, organizations, and groups to make their commitment to the budget. It is suggested that the commitment time be conducted at the beginning of the service by asking the leaders to come forward and place their commitment into a receptacle. The financial planning group would take the commitments from the worship center and tabulate them during the service. At the conclusion to the service an announcement could be made of the total amount of the commitments from the leadership of the church. This total amount could be divided by the number of families of church leadership and an average per family amount also be announced.
3. The second Sunday of commitment would be a time for the rest of the church membership to indicate their commitment. It is suggested that the commitment time be at the conclusion of the service by asking the church members to come forward in family groups and place their commitment into

a receptacle. The announcement of the total commitment could be announced during the evening service or in the church mail out.

4. It is suggested that the church use the “Master’s Money” sheets that are enclosed in the Total Stewardship Kit available from the Stewardship/Cooperative Program Office of the Louisiana Baptist Convention. There are two sets of Master’s Money. One set is simply the denomination sheet. This set can be used if the church wants to allow church members to make anonymous commitments toward pledging the budget. The second set is the denomination sheet with a place for a signature. This second set can be used if the church would like to have people make a signed commitment toward the budget.
5. The “Master’s Money” sheets have representations of various denomination of currency. Each church family should be mailed three to four sheets of “Master’s Money” prior to the time they will be asked to make a commitment toward the budget. They should be asked to tear off the amount of currency they are planning to give toward the new budget on a monthly basis.

**SAMPLE LETTER FROM THE PASTOR AND BUDGET PREPARATION
CHAIRMAN TO BE MAILED ONE-WEEK PRIOR
TO THE BUDGET BANQUET:**

Dear Church Member,

This has been a very exciting year for our church. Part of the excitement is seeing the budget preparation committee at work. It was exciting to see the adoption of the new budget. Now it is time for some fun.

This coming Sunday evening we will be conducting the Budget Banquet. The banquet will be held at _____. It will begin at _____ and conclude by _____. Members of the Baptist Collegiate Ministry of the college will care for children birth through the sixth grade at the church. There is no charge for the banquet or childcare. However, we are asking that each family pick up tickets for the banquet and sign up for childcare prior to Thursday of this week. That way we will know how many plates to prepare for the banquet and how much food to obtain for the children. We will also know how many childcare workers to enlist.

The program for the evening will feature several items. Several choirs and groups from our church will lead us in song. There will be testimonies from people telling how various ministries of our church have impacted their lives. There will also be a visual presentation of the ministries of our church. I think it will be a very exciting evening. We cannot imagine our church family experiencing this event without you in attendance.

If you have not picked up your tickets or signed up for childcare, please do so this week. This is shaping up to be a very high point in the life of our church.

In Christ's Service,

PASTOR

TOTAL STEWARDSHIP CHAIRMAN

A SAMPLE LETTER FROM THE PASTOR AND BUDGET PREPARATION COMMITTEE CHAIRMAN TO BE MAILED FOLLOWING THE BANQUET AND PRIOR TO THE FIRST COMMITMENT SUNDAY TO ALL CHURCH LEADERS AND FAMILIES. THIS WILL BE A LETTER TO BE USED WITH THE SIGNED MASTER'S MONEY SHEETS.

Dear Church Member,

We are now coming to the final portion of the budget preparation time. Wasn't it a grand time at the budget banquet?

As part of the final step in the budget preparation time, we are asking that you and your family make a commitment to give financially to our church on a monthly basis this next year. Please gather your family together sometime prior to Sunday and discuss what your financial commitment should be. If you have children it is important to involve them in the discussion time even if all they do is listen. Ideally we would hope most of our families would arrive at a figure equal to 10% of the total (gross) amount of finances brought into your family. If you are currently giving at a higher rate we would encourage you to continue. Several of our families are currently giving at a lower rate but are working toward a 10% figure over a two or three year span of time. If that is your situation we would encourage you to continue your pilgrimage.

Some of our families make a financial contribution once a week. There are some that give once every two weeks. And there are others that give once a month. It all depends on how you receive your income. For the purposes of the commitment we are asking you to make this Sunday please figure an amount equal to what you will be giving for an entire month, no matter how you actually make your contributions next year.

Enclosed you will find some sheets of "The Master's Money". One these sheets are replicas of money. Once you have arrived at the amount of your commitment please tear off the amount of Master's Money that equals your commitment. You will notice there is a signature line in the lower right corner of each bill. Please sign each bill that you have removed from the sheets. These will be the bills we will ask that you turn in at the beginning of our morning worship service this Sunday morning. At the end of the service an announcement will be made as to the total amount committed by the church leadership and their families. No personal commitment amounts will be announced. Just the grand total will be announced.

If you have children we would ask that you guide them to tithe any income or allowances they have. This will be a good training tool for them. Assist them in tearing off a bill and placing their name on it and turning it in Sunday.

Thank you for your participation in this important Sunday.

In Christ's Service,

PASTOR

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