
Guaranteed Budget Subscription OCCG-016

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EXECUTIVE SUMMARY: This document presents a method of church budgeting that will help drive increased commitment and enthusiasm by church membership for new plans presented, and it will enable the church leadership to have greater confidence in the amount of expected contributions and make better decisions to define and execute budget plans.

KEY WORDS:

Church Budgets, Commitment, Subscribed

REPORT:

The typical church budget process begins sometime in the fall and continues to the end of the year, or sometimes extends into the early part of the following year.

After presenting the budget, distributing and collecting pledge cards from church members, there is typically a short period of time in which some discussion occurs about how well the congregation has been at pledging the full budget amount. But, eventually, the discussion ends without any conclusive communication of the pledge card results. Most of the time, the reason the pledge results are not discussed is that the total amount of pledge cards received falls short of the presented budget, because many church members choose not to submit a pledge card, even though they do intend to contribute throughout the year.

As a church leader, how can you increase your level of confidence in achieving the budget plans, as well as foster an increased level of commitment toward the budget by church members?

Consider the following as an alternate approach:

1. Ask your ministry area leaders to propose what programs or initiatives could be accomplished in their ministry area with additional funding in the new budget year. For example, ministry A might request \$10,000, ministry B might request \$5,000, and ministry C might request \$15,000.
2. As part of the budget process, rank the proposed new items in an order of importance or preference. For example, you might rank the proposed programs in order of C, B and A (\$15,000 first, \$5,000 second, and \$10,000 third).
3. Using last year's actual giving levels, determine the amount per week that was actually contributed. For example, assume that the congregation gave \$6,000/week last year, for a total of \$312,000. For purposes of this approach, you will assume that the congregation will contribute at a similar level the following year.
4. When presenting the budget, start with the baseline amount that was derived from the previous year's actual giving

level. Then, present to the congregation the proposed new programs that have been requested by the ministry leaders. In this example, a total of \$30,000 has been proposed by the ministry leaders to accomplish the specific activities presented (a good approach is to allow the ministry leaders to describe the proposed items for the congregation to consider).

5. Ask each member to submit a pledge card to indicate their change in their personal contribution level for the next year. For example, one member might pledge an increase of \$5.00/week from their previous giving level. Another member might pledge a decrease of -\$5.00/week from their previous giving level.
6. Explain to the congregation that if an additional \$15,000/year is committed above last year's giving level, then program C will be funded in the budget. If \$20,000 is committed, then programs B and C will be funded in the budget, and if the entire \$30,000 is committed, then programs A, B, and C will be included in the budget. Any combination of programs desired can be designed. For example, if \$15,000/year is committed, then all three programs can be partially funded.
7. Calculate the total of the increase/decrease amounts from the pledge cards. Your new budget will be the previous year's actual contribution plus or minus the total changes in contribution from the pledge cards, and this will essentially make your budget a fully committed budget plan that the leadership can have confidence in executing during the next year.

Advantages of this approach are:

1. Enables your budget to essentially be 100% committed by the congregation.
2. Allows your ministry leaders to participate directly in the process.
3. Provides all members a sense of having a direct impact on the decisions and ministry focus areas of the congregation.
4. Alleviates some of the concern that some members have, who are not comfortable with submitting a pledge card for the full contribution amount.

Disadvantages of this method are:

1. It is not the way we have always approached this task.
2. It does not take into account changes in church growth or membership increases / decreases and the associated impacts on normal giving levels.
3. Any one-time / unusual actual contributions in the previous year that are not repeatable will need to be removed from the base line amount (starting point) for next year's budget.

This approach is a method which encourages greater congregational participation in the budget process, increases communication about ideas and opportunities for ministry, and timelier budget feedback to the congregation. This process can represent a refreshing change in how budget setting processes are accomplished.