

# Something to Talk About

## A conversation guide for church leaders

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### How Do We Create or Manage a Budget When We Can't See the Future?

This is budget preparation and approval season for churches that use the calendar year as their fiscal year. It is also mid-year adjustment season for those tasked with managing the budget for churches that do not use the calendar year as their fiscal year. Regardless of when your fiscal year starts, it's pretty hard to create or manage a church's budget when we don't have a good idea of what the future will look like. For church leaders, creating and living with a budget during uncertain times is something to talk about.

One certainty regarding the future for churches is that we really are not very certain of what the future will look like. In years past, we had the luxury of assuming that the next season would look a lot like the last season unless we made some intentional choices about changing things. We do not have that luxury today – in fact, most leaders I have interacted with are convinced that the next season will be significantly different from the past season, but they are not very certain about what those differences will be or how they will affect a specific local church.

It is frequently assumed that:

- many previous attenders that lacked deep roots with the congregation may not return;
- a decline in attendance may result in less financial support for the church;
- families with young and school-age children may not return until schools are widely open; and
- ongoing physical distancing regulations may require churches to have more gathering times or continue to provide on-line gatherings or both.

In light of these and other potential significant differences between the past and the future coupled with our general uncertainty about the future, how can leaders create and monitor spending plans for their church? Here are some things you and your team may want to talk about.

If we are creating a budget for 2021:

- Examine the monthly trends of giving and expenditures year-to-date for 2020 and anticipate that these trends will continue into 2021. Avoid over-budgeting or “BHAG” budgeting in uncertain times.<sup>1</sup> The “BHAG” for most of us should probably be to figure out how to best make disciples and share the gospel in the next season. What has been the trend for our church?
- Whether on-line or in-person or both, what are our plans for caring for and discipling children, students, parents, seniors, etc. How that is done will likely change and continue changing for a season, but it still needs to be done. What do staff members or volunteers that lead these ministries think about the future and how can those thoughts be included in the budget plan?
- Should we create a budget based upon 2020’s actual giving (projected for the entire year) rather than “hoped for” giving?
- When presenting a proposed budget to the congregation for approval,<sup>2</sup> consider presenting broad spending categories rather than line-item expenditures. This will enable leaders to make adjustments as circumstances change while maintaining fidelity to the spending plan.
- Should we assume that the church will need to continue to provide services and gatherings on-line? Technology expenses may not have been part of our last budget. How should we leverage technology to provide ministry and connections in teaching, caring, worship, maintaining community, and reaching out to those that do not yet follow Jesus?

If we are managing your budget mid-year:

- What have been the giving and expenditures trends for our church? Will those trends likely continue into the future? Are we spending within our means (meaning cash flow in and out is balanced) or draining the reserves?
- If spending is exceeding income, consider making curtailments *now* rather than later. None of us want to cut programs or staffing or support of people or ministries, but we cannot sustain spending that exceeds income. This is probably *not* the time to dip significantly into the church’s emergency fund<sup>3</sup> as this is not so much an emergency as it is a new season for which we must ongoing adjustments.
- Are we appropriately communicating our financial status to our congregation and ministry partners? Do people know how to set up and do on-line giving? Do we have people that can help others set this up? While individual churches have different philosophies about communicating financial information, it can be helpful to communicate financial status from time to time. And, be sure to provide more than just

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<sup>1</sup> BHAG stands for “Big Hairy Audacious Goal” and was described in *Built to Last: Successful Habits of Visionary Companies* by James Collins and Jerry Porras.

<sup>2</sup> Most EFCA churches do this as an expression of congregational governance.

<sup>3</sup> We recommend a church maintain an emergency fund/reserve of three to six months of its “required expenses” and the fund should not be used for normal operating expenditures if possible.

numbers – give context so that people understand what the numbers mean and how they impact the future.

- If expenditures are exceeding income, where can we cut *now*? Are there things we are spending money on that are not yielding sufficient return or no longer sustainable in this season?

It may be that your church will need to curtail expenditures and make budget cuts now or in the near future. There is likely no current program or expenditure that is not appreciated or championed by someone in the congregation. As a result, any cut will hurt someone who loves or wants to maintain what is to be cut. Leaders need to be wise, strong and courageous – and give grace and mercy and compassion to those that may be hurt. I recently read again these wise words:

“There is a big difference between *hurt* and *harm*... Harm is when you damage someone. Facing reality is usually not a damaging experience, even though it can hurt.”<sup>4</sup>

This season of change in our world, country, and community is unprecedented and will require leaders to make tough and sometimes painful decisions. Remember the difference between hurt and harm. Let’s exercise our responsibility to be stewards of ministry resources, even though it may hurt in the moment, and to do so in a way that it eliminates or minimizes harm to people and facilitates the spread of the gospel. Let us do so with grace, mercy and compassion coupled with strength of commitment and godly courage.

My Bible tells me that God wins and His church prevails.

*Let us know if we can help and how your conversation goes.  
Contact Bob Osborne by e-mail at [bob.osborne@efca.org](mailto:bob.osborne@efca.org).*

*This is one of a series of articles intended to facilitate and guide church leaders’ conversations about significant issues that often are not talked about among pastors, boards, and church leadership teams.*

*Prior articles can be found at <https://efcawest.efcadistrict.org/something-to-talk-about-archives/>.*

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<sup>4</sup> *Necessary Endings*, by Dr. Henry Cloud (2010), page 21.