For years, budget planning followed the same pattern for many ministries: Review last year’s budget, gather all wish lists, and increase the budget accordingly. Then we were hit with the worst recession in decades, and suddenly “business as usual” wasn’t. If we’ve learned anything over the last three years, it’s that as the economy changes, we need to change with it if our ministries are going to thrive.

**Reengage with mission.**

Whatever else is changing, one thing must not. God called you to join him in his kingdom-building plan, and you must continue to fulfill that calling. So, every time you interact with your budget—which should be at least quarterly and preferably monthly—reengage with your mission.

Most ministry leaders have their mission statements memorized; sometimes the words are recited without really thinking about them. When you go through this review process, prayerfully meditate on the words. Why did you choose the exact words, the exact wording? Ask God to reinspire you so that every financial decision you make supports his mission for your organization.

Your money should be spent to help you achieve your mission.

**Focus on priorities.**

Gone are the days when you could take last year’s budget, up it by 10 percent, and coast through until the next year’s budget planning season. The economic downturn was a catalyst for new thinking: Just because you’ve done it before doesn’t mean you should do it now. Carefully scrutinize each program and expense through the filter of your mission.

**Evaluate everything.**

Crown Financial Ministries, an advocate for individual, family, and organizational stewardship, encourages periodic review:

“Evaluate each department and ministry. Determine whether the ministry or department is an integral part needed to fulfill the ministry goals of the church or a marginal necessity. Look at the spending practices of the ministry or department. Does it have the overall good of the church as a primary concern, or is it self-consumed? Are the ministry or department directors and leaders praying about the financial turn-around of the church? Evaluate each aspect of the ministry or
department, which includes the attitude and dedication of the leadership.”

— Excerpt from Crown Financial Ministries Article, “Turning a financially troubled church around”

**Be creative.**

As income fluctuates, you may need to trim costs. Expenditures that don’t support the mission or help keep the ministry operational may need to be cut. Travel, conferences, or resources (such as books or magazine subscriptions) may need to be cancelled or delayed. Take advantage of online webinars, e-books, podcasts, and other resources. Many can be downloaded for free or for a nominal fee. Network with other leaders in your area to share books, videos, and other resources. Many areas have local chapters of the National Association of Business Administration (NACBA) or Christian Leadership Alliance (CLA) where leaders share best practices. The Evangelical Council for Financial Accountability (ECFA) is another good resource.

**Be merciless—with mercy.**

You may just have to say no. Has a ministry outlasted its effectiveness? Again, now is the time to take an objective look at all your programs and ministries. You may need to say “farewell” to some that are no longer building the kingdom. Could you cut other events? For example, do you really need to present a full-blown Christmas musical, complete with rented costumes, props, and lighting?

What about staff? Did you hire for some positions that could be staffed with volunteers, or did you create entire departments that could be outsourced, cutting costs while possibly even increasing quality? Examples would be things like accounting, marketing, and web design. Many good companies have been created to specifically serve ministries in these areas. (Check out www.simpledime.com or www.cloversites.com.)

Remember, saying no to some things may help you focus more fully on your true mission and vision. It’s one way of being good stewards of the resources God has given your ministry.

**Plan differently.**

One church responded to the uncertain economy by developing three budgets. The first was conservative, anticipating a possible decline in income. The second supposed a stable income. And the third expected an increase (on par with past growth). These three budgets helped this church prepare for almost any circumstance,
giving them confidence that they’d be able to handle challenges or rejoice in new opportunities. By planning ahead, your ministry can be better positioned to respond when the time comes to make changes, rather than being caught off guard.

**Look toward the future.**

Most agree that, even when we come out of this season of economic change, we’ll be living in a new normal. The events of the last three years have instilled a healthy caution that should continue. Some ongoing best practices include:

*Develop a volunteer pool.*

One of the more encouraging outcomes of the economic downturn has been the surge of volunteerism at local churches and other ministries. Many people who have experienced a decline in income have begun tithing more time and talent than treasure. Keep the momentum going!

Do you have a robust volunteer development program? Does your paid staff know who makes up the next generation of leaders? Have they been tasked with identifying those potential leaders and preparing them for lay leadership?

Every time a new opportunity arises, make sure one of the first questions asked is, “Can a lay leader head this up?” Then ask if there are enough other volunteers to support the effort.

Some of the most capable leaders in your ministry are sitting on the sidelines just waiting to be asked to get involved. It’s time to engage them!

*Manage cash flow.*

In any economy, it’s important to maintain adequate liquidity to ensure you have enough funds to cover regular expenses (e.g., payroll), unplanned events (e.g., the loss of a key donor), and potential opportunities (such as an invitation from the city to partner in an after-school program). Budget for income first, and set expenses with reserves built in. (See ECCU’s white paper, *Cash Reserves: How Much Is Enough?* for more information.)

Another area to investigate is the ways your donors give. How easy is it for them to do so? How convenient? Can they give online or have automatic deductions from their checking accounts? Many new resources are available to help you engage donors and make it easier for them to give. Two examples are securegive.com and givingkiosk.com.
Monitor expenses.

Personnel costs are typically a ministry’s largest area of expense. If revenue dips, you may have only one option—reduce personnel expenses. Lay-offs can be painful, but they aren’t your only option. Others include:

- Hiring freeze
- Salary reductions
- Increase the use of volunteers (see section on previous page)
- Part-time or flexible work arrangements (Is anyone willing to take an unpaid leave?)
- Compare your staffing with other similar ministries and staff appropriately.

Use zero-based budgeting to identify expense areas not directly connected to ministry impact. (ECFA offers a helpful resource at www.ecfa.org/content/Zero-Based-Budgeting.) Set a tight budget with discretionary spending that can only occur if income has come in above budget for the prior month or quarter.

Be accountable.

Establish a cadence of accountability to a specific group. This could be your board, staff, congregation, donors, or any combination. Review your budget regularly. Monthly reviews, especially of income, are optimal. Then, plan clear communication to stakeholders.

For churches, monitoring attendance along with giving trends will help you identify other potential problems and opportunities sooner, so you can respond more quickly.

You can ensure accountability by implementing a cash forecasting discipline and creating reports that are distributed periodically to your accountability group. These reports should include:

- Budget-to-Actual Comparisons
  - Year-to-Date
  - Previous Year
- Cash Forecast
  - Results will tell you if you need to make mid-year adjustments to expenses.

Communicate fully, and frequently.

The youngest, and potentially largest, generation of donors—millennials—are less inclined to give just because
they’ve been told. They need frequent and transparent communication that shares not just where the money is going, but also the impact on lives that their financial contributions are having.

A good budget and monitoring will ensure that you have the tools in place to communicate accurate and timely updates. Conveying compelling stories of lives being changed will not only remind your staff and donors of the important work being done, but will also energize new givers.

**Remember who’s in control.**

The best lesson learned during a changing economy is a reminder that we’re not in control. While this shouldn’t come as a surprise, with the boon of church growth in the last decade or so, perhaps we forgot.

Whatever happens in the economy, God will build his church. As we budget in a changing economy, we can be better prepared to participate in God’s kingdom work by recognizing that budgeting isn’t a one-time event. It’s an ongoing stewardship responsibility. In the parable of the talents, Jesus encourages us to make the most of the resources we’ve been given. By budgeting well, we can help our ministries live out this instruction.

If you’d like to connect with an Evangelical Christian Credit Union (ECCU) ministry development officer to learn more about the financial tools and resources available to you and your ministry, please contact us at 800.288.4846 or solutions@eccu.org. Additional ministry banking resources are also available at www.eccu.org/resources.