

How to Establish a Vision Centred Church Budget

A church budget plays a central role in the leadership and management life of your church so it's vital to know how to create a church budget.

It is vital therefore to see it as more than just a financial tool for reporting and accounting.

The budget is a vehicle to reinforce and enable vision fulfillment. It should reflect the key priorities of the church and be seen as an instrument of leadership.

First let's consider some good reasons to create a church budget.

Six Reasons to Develop a Church Budget

1. Clarity

The process of developing a church budget helps you clarify again your purpose for being on the planet.

As you work out how you are going to spend money on evangelism and discipleship you refresh your purpose and call.

Your team are also helped by clarifying what you are seeking to achieve in the next 12 months.

2. Plan

God is a planner.

When Peter preaches on the day of Pentecost he tells the crowd, "This man was handed over to you by God's deliberate plan and foreknowledge" [Acts 2:23](#)

Paul reiterates this concept in his letter to the Ephesian church, "In him we were also chosen, having been predestined according to the plan of him who works out everything in conformity with the purpose of his will" [Ephesians 1:11-12](#)

God intentionally and deliberately planned that Christ would die on the cross for our redemption and ultimate fulfilment of His will.

It is in His nature to organise, strategise and formulate plans.

Likewise we who are made in His image should be adept at planning and intentionally live out the purposes of God in our life.

Good financial planning will also help you avoid a [fiasco in your cash flow](#).

3. Train your team

When departmental leaders have to create a budget and then adhere to it you are training them in financial management skills.

These skills can be utilised in various settings but especially in their personal financial world. When your leaders have to use faith for their income and wisdom for expenditure then they are discovering leadership in the trenches.

4. Share the burden

Every pastor carries the burden of the financial responsibility of their church.

They worry when income is down and they are elated when the finances are healthy. Well that's my experience!

When you have a solid budget process you are sharing this burden with your leaders. There awareness of the pressures will help them support you and also increase prayer for your overall financial situation.

5. Goal setting

Just as budgets clarify purpose they also help you set distinct targets. These objectives can be financial but they can also be ministry connected.

For instance, you may decide to reach out to your local high school students. Your budgeting process can direct money to that ministry so that you can achieve the objectives you have set in place with your team.

It may seem strange to think that a budget can produce cohesion in a team but it's true.

6. Improved communication

The budgeting process lifts communication.

People begin to understand the bigger picture and the pastor begins to better understand the needs of his church and team leaders.

When budgeting improves pastors start to get more [confident in preaching about finances](#).

My Vision Centred Church Budget Process

Every church and movement has a different policy approach to church finances so you will need to contextualise those policies with my process.

Also this process has to be adapted to the size of your church so add or delete any element in this process as you see fit.

- Establish a finance team and administrator/treasurer/business manager to oversee the budget process. This should be a small, nimble team and never a large committee filled with people seeking personal outcomes.
- Outline your vision and strategies to this team
- Communicate your vision and overarching strategies to all department leaders
- Department leaders should submit a budget 3 months before end of financial year
- Administrator/treasurer/business manager should prepare the budget for all recurring operating costs (e.g. salaries and benefits, mortgage/rent payments, insurances, repairs and maintenance, administration and utilities)
- Projected income streams should be evaluated and compiled
- Ensure provision is made for savings
- Budget is fine-tuned until either balanced or an agreed 'faith gap' is decided
- Finance team should present the budget firstly to the pastor and then your board, and if appropriate, your members for approval
- Department leaders are informed about the what and why behind budget decisions

This process will help you develop [current best practices in your church finances](#).

How Much Should We Spend On What?

Bill Hybels' church, Willow Creek Community Church, utilises the following ratios to guide its budget process.

no more than 50% to staffing (including benefits)

10% given away

10% for whatever God is blessing at Willow (or cash reserves)

15% to ministry budgets

15% for facilities, utilities, debt service, etc.

Given Willow Creek's size and long tenure, you should only use these figures as a guide.

While these proportions broadly reflect normative amounts it is important to not get locked into percentages.

Some years you may increase expenditure on staffing or on resourcing a particular ministry area or repaying debt. Flexibility is essential in designing a vision centred budget.

How Much Should We Give Away?

Church leaders wrestle with the question, "should we be giving away a percentage of our income?"

There's no easy answer to that question.

However, it should be noted that giving to missions' projects works better when people have an opportunity to give directly rather than when the church gives on their behalf.

How Much Cash Should You Have In Reserve?

A cash operating reserve is an amount set aside to help stabilise church finances and has three main functions.

Firstly, it enables a church to move smoothly through the normal seasonal variations in cash flow.

Secondly, it helps a church properly manage a crisis brought about by unexpected scenarios such as extensive building repairs, emergencies or economic recession.

Thirdly, unforeseen opportunities for ministry that require a cash injection.

Churches should hold a cash reserve of 60 to 90 days of operating expenses.

So that's my thinking on how to create a church budget.

What do you think you should change in your church budget process?