

Giving Thought To a Narrative Budget

A starting point for
re-tooling the
Church Budget.



Some Questions You May Have

What is a Narrative Budget?

A Narrative Budget tells the story of how your church practices good stewardship of the gifts entrusted to it. It provides a vision of where the church hopes to be in the coming budget cycle.

Why use a Narrative Budget?

A Narrative Budget gives a vision of ministry rather than just a spreadsheet of line items. It reflects how the congregation spends its time, talent, and treasure rather than paying the bills.

Do we get rid of our Line Item Budget?

The financial decision makers of your congregation still need to build and use a line item budget. In fact, a line item budget completes the first step in creating your narrative budget. You also want to make copies of the approved line item budget available to members who like to see that level of detail.

Will the congregation really go for this change?

Every congregation differs and the responses may vary. In a trust-filled congregation, most members empower the leadership with handling the details and just want the big picture. Members want assurance their contributions matter and the leadership uses them wisely. See page 10 for more thoughts.

Getting Started

The set of steps below provides an overview of the work needed for determining the financial resources needed for each ministry area. Please find a worksheet at the back of the booklet for creating your own checklist and timeline and expense allocations.

Step 1:

Present the concept of a Narrative Budget to church leadership.

Introduce your leadership to the concept of a narrative budget to see if it is time to try this.

Step 2:

Create a line item budget.

The leadership creates and uses the line item budget for calculating the resources needed for each ministry area.

Step 3:

Categorize ministry areas.

Grouping ministries into five to ten larger categories streamlines the budget and aids in comprehension. If you create a “Salaries” or “Miscellaneous” category, keep working.

Step 4:

Allocate line items to ministry areas.

Many line items fall completely under one area of ministry. Color coding the line item budget aids in calculating the financial resources expended by each ministry. For example, communion wafers fall 100% under the ministry area of Worship. The next steps outlines the line items falling across more than one category. The figure below shows color-coding of the line item budget.¹

10	Confirmation Ministry	
	Intergenerational 1-6	
	First Communion	
	10th grade Confirmation	
	Confirmation Camp	
	7th -9th grade confirmation	
11	Confirmation Camp-Pastors	
12	Bibles--4th and 10th Grade	
13	Youth Ministry	
14	Faith and Family Ministry	
	Adult Education	
	Retreat Ministry	
	Family Ministry	
17	WELCA Triennial	
18	Fellowship Ministry	
19	Ministry Partnership	
20	Stewardship Ministry	
	Consecration Sunday Meal	
	Offering Envelopes	
	Electronic Transfer Administrative Expense	
21	Worship and Music Ministry	
	Staff and Support of Ministry at Home	
23	Senior Pastor (Salary, Housing)	
24	Associate Pastor (Salary, Housing)	

- Global and Local Mission
- Faith Formation
- Worship and Music
- Stewardship
- Support
- Divided Category

Step 5:**Allocating line items across ministry areas.**

Each staff member completes an audit of their time to allocate across the ministry areas. What percent of the work time is spent on each area? Calculate a dollar amount using the complete compensation package for each employee, i.e. include line items for benefits and continuing education, multiplied by the percentage for each area. The same audit is done for building use. All of the line items pertaining to the building are totaled and portioned among the ministry areas.

Step 6:**Calculate Totals.**

Calculate the total dollar amount needed for each ministry area. From the totals calculate the percentage of the total budget needed by each ministry area.¹

Ministry Area Budget Breakdown

Line Item	Global and Local Mission	Faith Formation	Worship and Music	Stewardship	Support	Total
Total of line items that serve only one Ministry Area						
Percentage Breakdown	59.0%	9.7%	29.6%	1.3%	0.4%	
Pastor						
Percentage Breakdown	25.0%	15.0%	20.0%	5.0%	35.0%	
Pastor						
Percentage Breakdown	45.0%	25.0%	10.0%	5.0%	15.0%	
Parish Life Director						
Percentage Breakdown	32.0%	25.0%	3.0%	22.0%	18.0%	
Office Administrator						
Percentage Breakdown	17.5%	15.0%	15.0%	20.0%	32.5%	
Custodian						
Percentage Breakdown	35.0%	28.0%	22.0%	2.0%	13.0%	
Building Use						
Percentage Breakdown	34.9%	27.9%	21.9%	2.2%	13.0%	
Totals						
% of Total	37.8%	19.2%	17.9%	7.0%	18.1%	

Notes about the breakdowns.

1. Each full-time employee provided the breakdown of their time among the five ministry areas.
2. The totals for salary will not be in complete alignment with the salary guide page because of the addition of mileage and continuing education added into the breakdown.
3. To calculate the percentages for the custodian's time and Building Use, I looked at facility usage for about 20 weeks throughout the year and then calculated an average for the year. The slight difference between the two lines is due to rounding in the calculations.

Telling Your Story

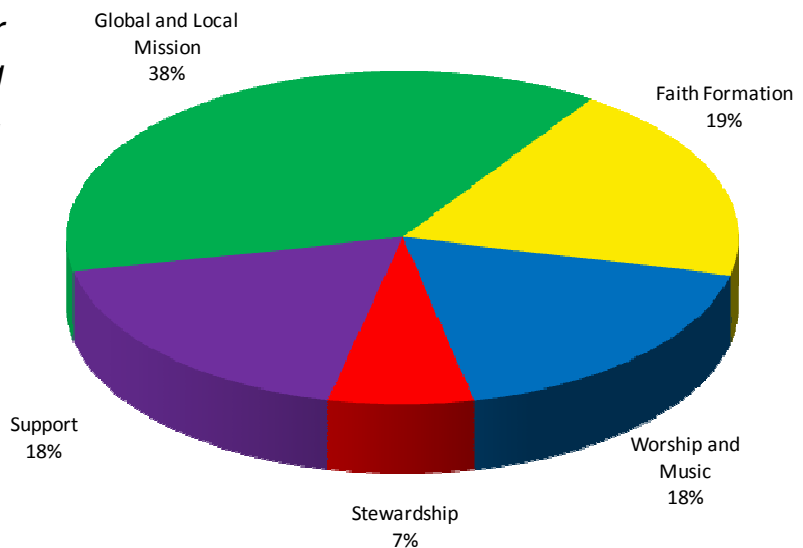
Telling stories permeates all aspects of the life of the church. Still storytelling remains disconnected from budget talks for many churches today. Narrative budgeting connects the congregation's story of doing God's work together with the resources needed. As you look at the allocation of money to each of the ministry areas in your congregation, you begin asking the questions, "Does this reflect how our time is spent as well? Are we using our financial resources in the best way?" Working through this process offers some real "ah-ha" moments. At the very least it starts some conversations even if you find your time and financial resources well-aligned.

As the leadership looks at the results of time and money expenditures, stories come to mind. It might be a story of how a new ministry took off and fuels the passion of many in the congregation. It could be a story of the tradition offered by a ministry equipping the next generation. The stories generated give an explanation of the importance of each ministry and why it needs continued support both with time and financial resources. For newcomers and long-time members the stories offer a glimpse into the life of the congregation they may not have known about.

In our culture worthwhile causes bombard us with stories touching our heart. Fortunately, the church doesn't compete directly with all of the causes out there, but we can learn from the storytelling practices of other non-profits. Sharing the story of God's work impacts the hearts of its people. Last fall my pastor made an appeal for \$200 to for the school district to buy school supplies for children unable to afford them. He stood outside the sanctuary after worship and members handed him cash as they left. The total amounted to over \$400. The story touched the heart of the congregation and resulted in an outpouring of generosity.

The stories need to be told over and over again in many different ways to be heard. Within your narrative budget you will want to find a creative way to tell your story. Pictures from your ministries make a powerful impact in sharing your stories. The graph below shows how each dollar of General Fund offering is divided among the ministry areas of the church. The graph is simple, yet tells a powerful story.¹

*Where each dollar
of your offering
goes....*



Setting Goals

If telling the stories connects the ministry to the budget, then telling the vision for the future becomes the next logical connection. Outlining a vision for the coming year with clear goals lays a foundation for the proposed financial goals.

You want your goals to engage members into good stewardship. Fashion your goals in such a way that says, "This church is up to great things in God's kingdom. We really want you to be a part of it with your time, talent, and treasure." The goals should be on a congregational level, not just the goals of the stewardship team or what the leadership plans to accomplish. Each ministry needs a vision for the future and the resources needed for progress. If your budget requires approval by the entire congregation, then the entire congregation should be approving the goals as well. A yes vote or providing consent means that I plan to support these ministries and have a part in reaching the goals.

Anytime you are setting and reporting goals it is good to remember to:

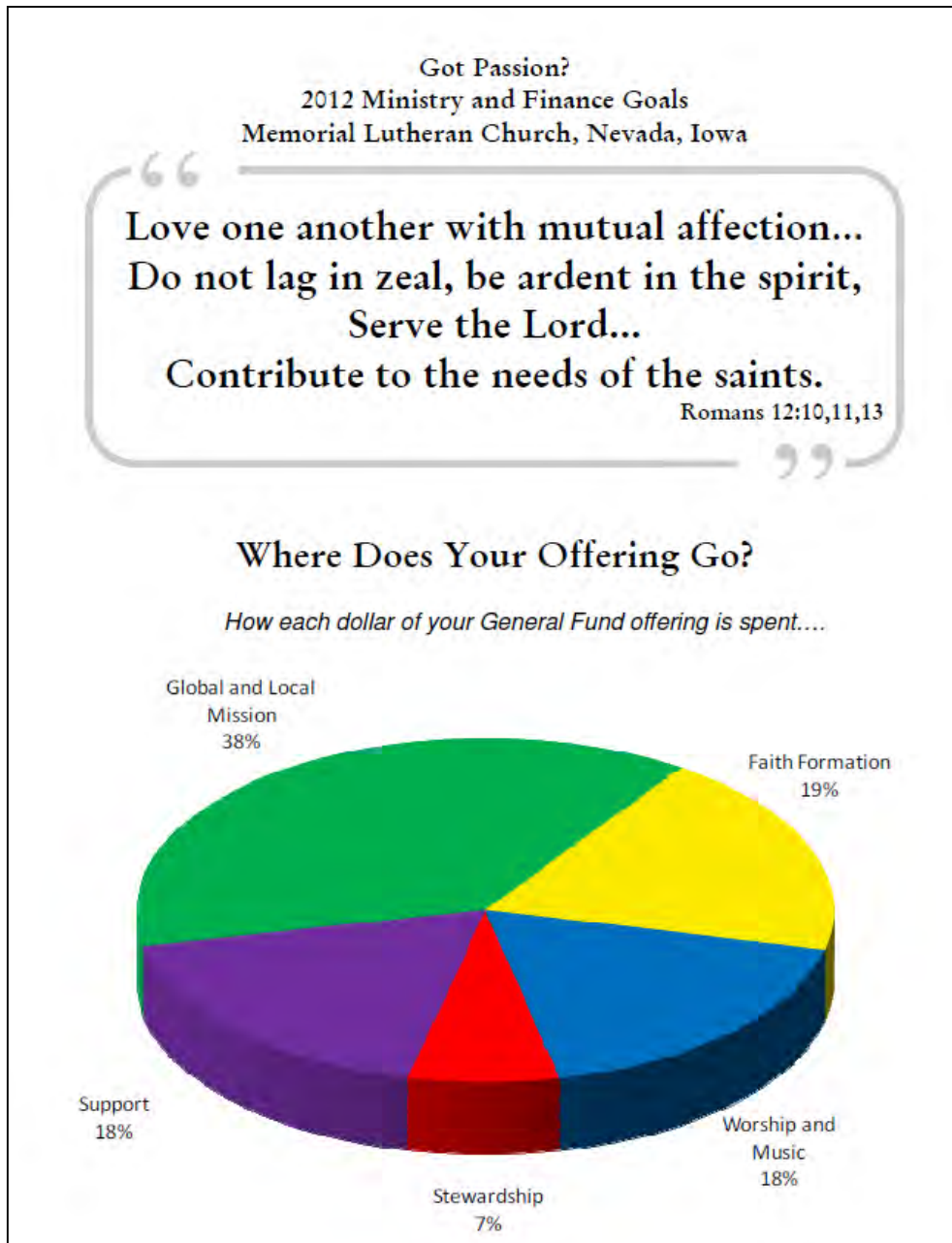
- Make sure they fit the mission of the ministry and the church
- Make sure they are attainable
- Make sure the total number of goals is manageable
- Make sure they are inclusive
- Make sure they are clearly worded.

Your narrative budget does not need to contain a goal or set of goals for each ministry group. Many ministry groups have a well-established mission and purpose that is working and will continue to work. Everyone knows what to expect from that ministry year to year. Think of setting goals that will challenge the congregation to dream dreams with an eye on growth and progress.

The 2012 Major Expense Proposal by Major Purpose on the ELCA web site shows an example of tying ministry purpose and goals to financial goals.² For each major purpose area the document includes the ELCA Constitutional Provisions fitting for each purpose, a set of bullet points outlining the plan to be accomplished under each purpose, and the dollar amount proposed for each purpose.

Putting It All Together

You calculate the numbers, you gather the stories, and you set your goals, then what? The final step puts the narrative budget together to present to the congregation. Adding scripture to the narrative ties the entire package together. Sample pages from a narrative budget shows how the finances, scripture, stories, and goals laid out together.



A sample narrative budget cover page.1

Faith Formation

Biblical Teaching...

You shall put these words of mine in your heart and soul, and you shall bind them as a sign on your hand, and fix them as an emblem on your forehead. Teach them to your children, talking about them when you are at home and when you are away, when you lie down and when you rise.

Deuteronomy 11:18-19

What God is doing through the people of Memorial in 2011...

- A regularly meeting adult study class during the Sunday School hour.
- A Sunday School that is fully staffed with caring adults sharing the load.
- Intergenerational classes for children and adults beginning in first grade and continuing through Confirmation.
- The recruitment of two new circles for families with children and families with youth.

In 2012 Our Goal Is To...

- Expand the Adult Study Circle offerings to include a Wednesday night study in the fall and in the spring.
- Invite younger families to participate in the roles of assisting with worship through ushering, acolyting, and altar care.
- Increase the number of activities for middle school aged youth.

A Story....

I have loved Lutheran Lakeside camp so much! There are lots of campish activities like sailing, kayaking, tubing, rock climbing, and crafts. There were also so many things that helped me to grow in my faith. We had bible studies, worship sessions, sang fun songs, and saw the staff do a reenactment of acts of Christ. I felt so close to God this week, and I loved every moment of it!

Thank you so much for helping us raise the money to get to this experience. We all appreciated it so much! I am so grateful that I had the opportunity to have this spiritual experience and I hope kids keep going to Lutheran Lakeside camp for a long, long time.

Thank you,
Madison Merfeld

Estimated Expenses for The Ministry of Faith Formation in 2012 \$\$\$\$

A sample ministry area page incorporating scripture, story, goals, testimony, and budget amount. 1

Final Thoughts

The next table compares the line item budget to the narrative budget. Again, no one can say how a particular person or congregation will respond to this change, but use this tool to argue for the change.

Line Item Budget	Narrative Budget
Shows paying bills	Shows God's work
Gives emphasis to corporation and infrastructure	Gives emphasis to the Spirit at work
Invites the assembly to micro-manage	Invites the assembly into ministry
Sets a dollar amount goal	Sets a stewardship goal
Looks like any business	Looks different
Is overwhelming	Is inspiring
Is used once a year for approval or if cuts need to be made	Is used year-round to show progress on the goals set
Is just about the money and slots	Is about giving generously in time, talent and treasure to our passions

Sources

1 *2012 Ministry and Finance Goals*, Memorial Lutheran Church, Nevada, Iowa, November, 2011

2 *Exhibit C: 2012 Expense Proposal by Major Purpose*, Evangelical Lutheran Church in America, Office of the Treasurer, <https://www.elca.org/Who-We-Are/Our-Three-Expressions/Churchwide-Organization/Office-of-the-Treasurer/Churchwide-Budget.aspx>, 2011f

Additional Resources

"Saints Alive! Living Generously," *Giving: Growing Joyful Stewards in Your Congregation*, Ecumenical Stewardship Center, 2011

Building a Narrative Budget, <http://www.mumf.org/files/docs/Building-a-Narrative-Budget.pdf>, 2006

Implement Narrative Budgeting in Your Church, United Methodist Foundation of New England, <http://www.umfne.org/NB%20for%20website08.pdf>, 2008

"A Narrative Budget Process," Jim Thomas, *Budgets—A Narrative Approach*, <http://smallchurch.com/pastors/budgets-a-narrative-approach/>, 2006

"The Budget Really Isn't That Important", Michael Durall, *Alban Weekly Newsletter*, <http://www.alban.org/conversation.aspx?id=9893>, March, 2012

Worksheets

These worksheets are reproducible by your congregation. For an electronic copy, please send an email request to Jodi Schuman, memluth@midiowa.net

Steps for Completing the Narrative Budget

Task	Person/People Responsible	Date Due/Completed
Complete a Line Item Budget		
Categorize Budget Line Items into Ministry Areas		
Determine Percentages for Non-Salary Line Items, Including Building Use, Spread Across All Ministry Areas		
Determine Percentages for Each Staff Across All Ministry Areas		
Calculate Totals and Percentages for Each Ministry Area		
Find Scripture Passages for Each Ministry Area		
Create a Report of the 2011 Accomplishments of Each Ministry Area		
Set goals for Each Ministry Area for 2012		
Print Narrative Budget Booklet		

Ministry Area Budget Breakdown

Line Item																				Total	
Total of line items that serve only one Ministry Area																					
Percentage Breakdown																					
Staff:																					
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