

Zero Based Budget and Narrative Budgeting

A Match Made in Heaven!

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Why Budget?

- Some of the most important work a congregation can do is to prepare the annual budget.
- A congregation without a budget is like a car without GPS – you can't tell where you've been or where you are going.
- Preparing an annual budget is some of the most important work a congregation can do.
- When it's approached to inform the congregation of the vital mission and ministry taking place, the budgeting process can indeed be reflective and spirit-filled.

Zero-based and Narrative Budgeting

- Zero-based budgeting and narrative budgeting offer two approaches for developing a budget that is not only mission- and ministry-focused, but a way to re-imagine the work of the congregation as a work of the Holy Spirit.
- When woven together, the two processes are a powerful way to celebrate what is going well and, at the same time, to move a congregation in the direction the Spirit is leading.

Increased focus on mission and ministry.

- According to The Episcopal Church's *Manual of Business Methods in Church Affairs*, zero-based budgeting "is very time- and paperwork-intensive; it is not recommended annually but periodically (e.g., once every five years). Each program chair and/or staff member is asked to assume the program is new and has received no funding previously. This means that program groups must take an in-depth look at their programs and how their activities are conducted." (Chapter 1 section A).
- This is true, and it is why joining zero-based budgeting with narrative budgeting is an important undertaking for any congregation.

What comes first – the vision/mission statement or the budget?

- It is imperative that the congregation's leadership, with input from various ministry groups, develop a vision and/or mission statement to guide the work of the congregation.
- There has been much written about vision and mission statements, so I won't cover that here.
- Prayerfully developing a vision and/or mission statement is imperative to ensuring that as each group looks at its ministry area with fresh eyes, it is focused on where the congregation has discerned the Spirit is moving it.

Who are we where are we going?

- Good mission and vision statements answer the question, “Who is God calling us to be and how can we address the needs in the community around us?”
- If you haven’t assessed the needs or the changing demographics in your area, do so BEFORE you start the budgeting process.
- Be sure to answer the questions: Who are we? Why are we here? What do we know about our area and what do they know about us? What are the needs of the community around us?
- Once you have prayerfully discerned the above questions, make sure your vision and mission statement(s) reflect who you say you are.

How do you approach zero-based budgeting?

- The goal of zero-based budgeting is to have each mission and ministry area look at its work and how it is contributing – or not – to the vision and mission of the congregation.
- Members of the congregation working in a particular ministry area come together, perhaps along with some new members who have fresh ideas and passion for this work, to pray, talk frankly about the ministry and to dream.
- In this process, nothing is “sacred”. It is definitely *not* about “what we always do.”
- It’s a complete rebuilding of the work of the ministry area in light of the vision and mission of the congregation, including how the ministry is provided, who provides it and how much it will cost.

More on Approaching Zero-Based Budgeting

- Included in this process is a reordering of expense categories by importance.
 - Music and worship may have been high on the budget expense categories in prior years, but a burgeoning Sunday School and youth group may eclipse music and worship as the zero-based budgeting process comes together.
- It is indeed time-consuming, but doing this every few years allows a congregation to engage deeply in the work of finding where the Spirit is moving.
- It is akin to a new “startup” and is equally invigorating.
- **Make sure you put the highest priority on what you give away** – hard-dollar outreach in the form of diocesan assessments (in Los Angeles we call this Mission Share), as well as dollars given out in the community and the world are an important part of this process.

How do you approach narrative budgeting?

- Narrative budgeting is the next stop in the process – *telling the story* about where the Spirit is moving, and what the ministry group feels is its particular contribution to the mission and vision of the congregation.
- Put it into words. Use pictures, videos – anything that can share the story.
- This is the part of the process where creativity in the presentation of the work is paramount.
- Most importantly, the narrative budget is the vehicle by which the Good News of this ministry is offered to the congregation. See if the message can be synthesized into one pithy line and let that be your motivation.

More on Narrative Budgeting

- Remember – you are talking about mission and ministry.
- You are *not* talking about how much money you need to keep the lights and the AC on; **you are talking about the lives that are changed, and the mission and ministry accomplished *because* you have the lights on.**
- While zero-based budgeting is done every few years, narrative budgeting can and should be done every year. New things happen in mission and ministry areas. Celebrate them. Share them. Tell the stories of the ways the vision and mission statements are being lived out in every area of the congregation.
- Turn the annual meeting into a joyous celebration of the past year and of the year ahead!

Joining zero-based and narrative budgeting to focus on mission and ministry

- Once the zero-based budget is produced together with the narrative portion, the building of actual budget numbers begins.
- Start by outlining the budget categories as you normally would: Income areas first, such as *Pledge, Plate, Endowment Income, Facilities Usage, Easter/Christmas Offerings*, etc.
- Next, plan out the Expenses as an expression of the Mission and Ministry areas discovered and fleshed out in the zero-based and narrative budgeting processes
- NOTE: If you have developed a zero-based budget in the last few years and are ONLY working on a narrative budget this year, you already have your line item budget outlined, you can load your budget numbers at the same time you are developing your narrative budget.

Joining zero-based and narrative budgeting to focus on mission and ministry, continued

- Arrange the expense categories by order of importance as defined during the zero-based and narrative budgeting processes.
- Begin with *how much you will give away*. Yes, you read that right. Outreach – your diocesan assessment and then your hard dollar outreach monies. These are the first budget items and should be at the top of the expense area on your budget. Describe what those dollars help fund, both directly in your own outreach and indirectly, through the work of your diocese, The Episcopal Church and the worldwide Anglican Communion.
- When we are asking people to give generously to the church – to tithe – we must make what the church gives a priority in order to faithfully address the vision and mission of the congregation. In this way, the congregation is participating in God's economy.

HUH?

- Does it make human sense? No.
- But it does make God sense.
- Think about it. God gave us God's son — God gave us God's first fruits in the form of Jesus. We are asked to do the same — to give from our first fruits.
- Remember — everything we have, everything we do, everything we are is a gift from God, and it is a gift that is meant to be shared.

Hmmmm.

- The pledge and plate income you receive is a reflection of your work on stewardship. If you are asking people to give of their first fruits to the church, then the church must do the same.
- Order the rest of the expense categories in descending order of importance to mission and ministry.
- Sometimes, some of the highest dollar amounts needed will be in a lower section of the budget. That's okay. If you determine your focus is on, say, Christian Education, it should still be listed after Outreach, and the budget numbers should make sense, given your Spirit-guided focus.

Make your Brochure Interesting

- I said it earlier and it bears repeating: Narrative Budget Brochure should be interesting – include pictures!
- Know your audience – you may need to make a few different brochures to tell your story. Some with mostly pictures, some with pictures and text, some text only (my least favorite model).
- Some people in your congregation might want a multi-page document with pictures and a LOT of detail. Others may want a simple, straightforward two page brochure they can quickly read and absorb.
- Don't forget to think VIDEOS! We are online so much now, that's a great way to go during and after the pandemic.

Conclusion

- Budgeting should be a boost to the life and spirit of the congregation, not a dreaded task.
- When zero-based and narrative budgeting are knit together, the purpose and focus of the congregation becomes clear and people's excitement about making a difference in the community around them while feeding them spiritually is contagious.
- *Don't dread it – do it!*

Narrative Budget How to from the ELCA:

[https://static1.squarespace.com/static/5973c70be45a7cc661a8af66/t/5d94c5da91d85d51e88c9672/1570031083005/Synod Sample Resource Narrative Budget How To .pdf](https://static1.squarespace.com/static/5973c70be45a7cc661a8af66/t/5d94c5da91d85d51e88c9672/1570031083005/Synod+Sample+Resource+Narrative+Budget+How+To.pdf)

Another version/basically same as above from the ELCA:

[https://download.elca.org/ELCA%20Resource%20Repository/Giving Thought to a Narrative Budget.pdf](https://download.elca.org/ELCA%20Resource%20Repository/Giving+Thought+to+a+Narrative+Budget.pdf)

Questions and Answers