

Revisiting Parish Budgets and Finances During Uncertain Times

The COVID-19 pandemic has had swift and often severe consequences for the finances of many institutions, including churches in the Episcopal Diocese of Washington. While there is no way to predict what the economic climate will be next month or next year, parishes can take steps now to prepare for what may come. Keeping in mind that there are two aspects to every budget -- revenue and expenses -- the diocesan Financial Resources Committee has developed this guide to walk parish clergy, vestries, and finance committees through questions to ask about both sides of the ledger.

Economic uncertainty can make discussions about finances especially fraught. For this reason, we encourage parish leadership teams to undertake any budget modification process with even more prayerful, grace-filled discernment than you would in “normal” times. And if you get stuck, please call on us. The members of the Financial Resources Committee would be glad to assist.

[Email the Financial Resources Committee](#)

REVENUE

A good place to start when revisiting your budget is your sources of revenue.

- Over the remaining months of 2020, is your revenue likely to:
 - a. Increase
 - b. Stay the same
 - c. Decrease as the pandemic continues

- Are you using your revenue to fund your top priority(ies)?

With your response to the above questions in mind, next let's examine more closely the sources of your revenue.

Pledge Income

Most parishes are highly dependent upon annual financial pledges. If this situation applies to your parish, think about the following:

- Total number of pledges for 2020: _____
 - Total dollars pledged for 2020: _____
 - Percentage of 2020 budget funded through annual pledges: _____
- Is it realistic to expect your projected pledge income will stay the same during 2020?
- Has your parish done all it can to make pledges non-electronically?
- Are pledges mailed to the parish office or somewhere else?
 - Dropped off at parish office - somewhere else?
 - Collection box - parish office or somewhere else?

Plate Giving (Cash)/ Non-Pledge Revenue

These types of revenue typically only happen when a person is present during a worship service.

- Are there ways you can make it possible for these types of revenue to still happen, both online and non-electronically?

Special Events/Offerings

Does your current 2020 budget include revenue from special events, or offerings (parish dinners, holiday bazaars, Thanksgiving/Christmas offerings, etc.)?

- Are you identifying substitute means of revenue?
- Have you adjusted your budget to reflect this loss of revenue?

Space Use/Rentals

Does your current 2020 budget include revenue from space use or rental fees?

- Have you tried to renegotiate fees and/or identified other sources of rental fees?
- If not, have you adjusted your budget to reflect this loss of revenue?

Endowment/Reserves

If your parish has an endowment or other reserve fund that is available to cover necessary expenses, remember to consult your finance and/or investment committee to ensure that permanently or temporarily restricted funds are used appropriately.

Some items to consider:

- How are your funds invested?
- Are any funds liquid? If so, could they be used to cover expenses?
- Would a line of credit from a bank provide additional liquidity?

Now that you've examined your income streams, you likely have a more dynamic understanding of where monies continue to flow from and what sources have slowed to a trickle or stopped altogether -- and an updated projected revenue budget for 2020. It's time to turn your attention to expenses.

EXPENSES

How a parish spends its revenue reflects what the parish values, as well as its top priorities. Based on the analysis of your projected revenue for 2020, where can adjustments be made to your expenses?

- What is the largest expense in your 2020 budget?
- Does this expense reflect what is most important to your parish?
- If you anticipate less revenue than expected, what expenses can be adjusted, while still supporting the priorities of your parish?

With your response to the above questions in mind, next let's examine more closely your projected expenses for the remainder of 2020.

- While acknowledging it is more important than ever to be sensitive to the economic status of all parishioners, especially those whose income has been reduced because of the pandemic, are there parishioners who might be able to increase or supplement their giving?

Online Giving

By now most parishes have made the leap to online giving. If this is true of your parish:

- Is your parish's online giving accessible and frictionless?
 - The "giving" button on your homepage is obvious
 - The "giving" button is only a single click away from the donation page
- Have you encouraged your parishioners to set up recurring, online giving?

If your parish hasn't set up online giving yet and you'd like information and/or help with, contact [Peter Turner](#), information technology director for the diocese.

Offline Giving

Some parishioners may still be uncomfortable with electronic giving. If so, you'll want to continue to offer ways they can support your church financially that are safe for them and safe and sustainable for the people tasked with processing offline giving.

→ How is offline giving possible in your parish?

Setting Priorities

List the three largest expenses in your budget:

1. _____
2. _____
3. _____

Prioritized Expenses

As economic uncertainty continues, we will undoubtedly encounter an increasing need to have difficult conversations about church expenditures -- including the topic of clergy and staff salary and benefits which frequently comprise the largest portion of a parish's annual operating budget.

- Review clergy and staff salary, benefits, and job descriptions
- Are the responsibilities of your clergy and staff best aligned to support the mission of your church?
 - Does your current staffing structure meet the current and future needs of your church?
 - Have you considered taking advantage of the CPG grace period deferral of payments for benefits for property and casualty coverage?

Next look at fixed and long-term expenses such as rent, mortgage and insurance premiums.

→ If necessary, have you spoken with your lender to inquire about deferring payments, making interest only payments, or renegotiating payment terms?

Expenses that Can be Adjusted or Eliminated

Due to changes in operations, where are you saving money?

- Paper/copier/printing costs
- Office expenses
- Heating/cleaning of church building(s)
- Trash collection
- Subscriptions

- Other underused utilities
 - Hospitality events
 - Lawn maintenance
- Have you contacted utility/internet/phone/cable providers about deferral options that might be available?
- Can you get a better rate from a different vendor or service provider?
 - Can you negotiate your rate with your current provider?
 - Have you considered the benefits of energy choice (utility deregulation) in [DC](#) or [Maryland](#)?

Nice-to-Have versus Need-to-Have

Closely examine your 2020 expenses to see if there are items that would be “nice-to-have” but are not, in fact, essential to supporting your parish priorities during these unique times.

- Are these costs that can be reduced, or eliminated, in order to ensure your top priorities continue to be fully funded?
- Do any line items linger in your budget because “they’ve always been there”?

Communications

Clear messaging around parish finances is crucial at any time, but especially now.

- Are you regularly communicating with your members about important ministry activities that continue even during this time of physical distancing?
- Are your clergy and lay leaders actively expressing gratitude to members who continue to give both time and resources?

“Pray as though everything depended on God; act as though everything depended on you.” -- St. Ignatius of Loyola

We hope this guide provides your church leadership with the opportunity to be proactive about finances in a time of such uncertainty. While our trust remains in a loving God who will see us through, we must also devote ourselves to the tasks at hand. By being the very best stewards of all that has been entrusted to us, we can help to assure the financial gifts given to us and our church communities are used to support our mission and to those most in need.

Members of the diocesan Financial Resources Committee are available for parish consultation.

Contact us at stewardship@EDOW.org