

# Congregational Budgeting Packet

## Introduction

Congregational Budgeting Packet was developed to assist congregational finance and stewardship committees as they develop annual spending plans for their congregations. It is an attempt to provide denominational information, which congregations need, as they discern the best allocation of their congregational dollars.

In this packet you'll find:

1. Which Mennonite Church USA organizations should be included in a spending plan?
2. How much should we give?
3. Why should we support our area conference and churchwide ministries?
4. Check writing options
5. MEA Unified Giving program
6. Additional Resources
7. Supplemental piece - Congregational Financial Management (from *The Giving Project*)

This budgeting packet will be updated each year. We welcome your suggestions as we continue to improve this resource each year to better meet the needs of our congregations.

*Marty Lehman*

Director of Communication/Development  
Mennonite Church USA Executive Leadership  
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Please contact the Western District Conference office if you have any questions concerning your work with your congregation's financial and stewardship duties and we will do what we can to help you. From stewardship resources from the Conference Resource Library to information on how to fill out employment tax forms do not hesitate to ask. There are also many resources that you can access on our website [www.mennowdc.org](http://www.mennowdc.org) including education grants for pastors, financial help for congregational/pastor reviews, pastor health insurance forms, pastor compensation and review software, library resources and much more.

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## **Which Mennonite Church USA organizations should my congregation include in our spending plan/offering schedule?**

Below are the organizations and programs we recommend you include:

- Western District Conference, PO Box 306 (2517 N Main), North Newton, KS 67117
- Mennonite Church USA Executive Leadership, 722 N. Main St., Newton, KS 67114-0347
- Mennonite Education Agency, 63846 CR 35, Suite 1, Goshen, IN 46528-9621
- Mennonite Mission Network, PO Box 370, Elkhart, IN 46515-0370
- Mennonite Publishing Network, 616 Walnut Ave, Scottsdale, PA 15683-1999
- Racial/Ethnic Constituency Groups, 722 N. Main St., Newton, KS 67114-0347
  - African-American Mennonite Association (AAMA)
  - Iglesia Menonita Hispana (IMH)
  - Native Mennonite Ministries

Your congregation should also consider supporting the following:

- Mennonite Men, 722 N. Main St., Newton, KS 67114-0347
- Mennonite Women, 722 N. Main St., Newton, KS 67114-0347
- Mennonite Colleges/Universities and Seminaries: Mennonite Education Agency, 63846 CR 35, Suite 1, Goshen, IN 46528-9621
- Racial/Ethnic Leadership Education Fund (RELE): Mennonite Education Agency, 63846 CR 35, Suite 1, Goshen, IN 46528-9621
- Hispanic Pastoral and Leadership Education (HPLE): Mennonite Education Agency, 63846 CR 35, Suite 1, Goshen, IN 46528-9621
- Third Way Media, 1251 Virginia Ave, Harrisonburg, VA 22802-2497

If your congregation supported Mennonite Board of Congregational Ministries (MBCM), that organization is no longer a stand-alone organization but is now part of Executive Leadership. Many of the MBCM functions and programs continue, but within Mennonite Church USA Executive Leadership. You can continue to support these ministries through a separate check or with your gift to Mennonite Church USA Executive Leadership.

Some congregations are also supporting Intercultural Relations. Like the former MBCM, these ministries are under the leadership of Mennonite Church USA Executive Leadership Intercultural Relations team. Again, these ministries can be supported through a separate designation or added to your gift to Executive Leadership.

## How much should we give?

You may find this chart helpful as you consider how to allocate your budget dollars:

Suggested Designations Based on Congregational Budget				
Percentages indicate suggested amount to include in your congregational budget.				
Total Budget	Area Conference <sup>1</sup>	Churchwide <sup>2</sup>	Other <sup>3</sup>	Congregational <sup>4</sup>
Up to \$29,000	11%	10%	5%	74%
\$30,000-\$59,000	10%	7%	5%	78%
\$60,000-\$99,000	12%	8%	5%	75%
\$100,000-\$149,000	13%	9%	5%	73%
\$150,000-\$299,000	19%	12%	5%	64%
\$300,000 or more	21%	13%	5%	61%

<sup>1</sup> Western District Conference, North Newton, KS

<sup>2</sup> Churchwide ministries include Mennonite Church USA Executive Leadership, Mennonite Education Agency, Mennonite Mission Network and Mennonite Publishing Network.

<sup>3</sup> Giving to local ministries or other Mennonite charities such as MCC, Mennonite Disaster Service or Mennonite Economic Development Associates.

<sup>4</sup> Congregational facilities, administration and staffing

If your congregation has been working with a percentage increase, the churchwide ministries recommend a 3 to 5 percent increase annually in their costs.

## Why should we support our area conference and churchwide ministries?

Each of the churchwide ministries has been called for a specific role within Mennonite Church USA.

Western District Conference, your area conference – Congregations join Mennonite Church USA through their area conference. Area conferences provide many services to congregations and pastors. Here are just a few of the things your area conference provides congregations:

- A relationship with the wider church – the denomination;
- Partnership ministries a congregation cannot do on its own (Camp Mennoscah, church planting and Conference Resource Library);
- Assistance and guidance during pastoral transitions and difficult times and when things are going well;
- Accountability to others in matters of theology and identity;
- Connections to other Mennonite congregations regionally and locally.

Mennonite Education Agency (MEA) – The education agency of Mennonite Church USA provides leadership to the educational agenda of the church in partnership with both the church and educational institutions of all levels. The Mennonite Church USA educational system includes more than 30 pre-kindergarten to grade 12 schools, five colleges/universities and two seminaries. MEA provides financial support to the Racial/Ethnic Leadership Education programs such as Instituto Bíblico Anabautista, the Lark Leadership Scholarship and the Native Education and Training (NET) program. In all its work, MEA seeks to fulfill its mission to strengthen the life, witness and identity of Mennonite Church USA through education. For more information, visit the MEA Web site at <http://www.MennoniteEducation.org>.

Mennonite Church USA Executive Leadership - As staff of the Executive Board, Executive Leadership has a unique role in Mennonite Church USA. We are responsible for taking direction from the board, which acts on behalf of the Delegate Assembly, and following up with resources, initiatives and other work to ensure that the spiritual and organizational transformation are a continuing process for Mennonite Church USA.

Executive Leadership is responsible for:

- Planning and logistic of the biennial Convention;
- Providing pastoral care to area conference executives;
- Being the *face* of the denomination with other denominations;
- Communicating with the larger world regarding Mennonite Church USA;
- Continuing to work on our denominational priorities: leadership development, global connections, becoming an antiracist church and expending our witness to the world.

Simply put, Executive Leadership exists to make sure Mennonite Church USA stays on track to become the church God calls us to be. We are to be followers of Jesus Christ who embrace the Holy Spirit's power to help us grow as communities of grace, joy and peace so that God's healing and hope flow through us to the world.

Mennonite Mission Network - Through relationships and conversation with leaders “on the ground,” Mennonite Mission Network works to discern how and where workers, financial help and other resources can best be put to use. Gifts from congregations and individuals are used to support leadership development and education, Bible translation and community development in more than 50 countries, as well as Christian service programs in the United States and around the world.

Mennonite Mission Network is the mission agency of Mennonite Church USA. We exist to give support to local conferences and churches, whether in the United States or in countries around the world and to provide resources that equip them to engage their culture with the full gospel of Jesus. We aim to work together to share all of Christ with all of creation.

Mennonite Publishing Network. The MPN mission is to equip the church to share a gospel of hope. Through books, periodicals and Christian education materials we help the

church to educate, inform, inspire and encourage its members to live out the radical message of Jesus Christ. At the same time, we help Mennonite Church USA and Mennonite Church Canada to share our Anabaptist vision with the wider church—to help others see that the way of peace, justice, discipleship and service offers real and practical solutions for the challenges facing the world today.

Your support for MPN enables us to help the church fulfill its mission. While 95 percent of our income is derived from sales, we still depend on contributions from churches and individuals so we can provide needed and relevant resources, even if they are not always profitable. At the same time, your support enables us to make our curriculum and other resources affordable for smaller congregations.

The Anabaptist vision is as relevant today as it was more than 450 years ago. Your continued support is fundamental to the success of our mission together—that of bringing hope and healing to the world.

## Check writing options

### Option 1

#### I want to write one check to support all the church wide ministries

Send your check to your area conference, Western District Conference, PO Box 306, North Newton, KS 67117 with instructions on how you'd like the money divided. Below is the Western District Conference contribution form with an explanation on how to fill it out. You will find a printable contribution form on the WDC website at <http://www.mennowdc.org/Resources.html> look under *Treasurers and Finance Committees*

### Western District Conference Contribution Form

#### Contribution Form

##### MAIL THIS SIDE

to: Western District Conference  
PO Box 306  
North Newton, KS 67117

Church \_\_\_\_\_

Treasurer \_\_\_\_\_

Address \_\_\_\_\_

Zip \_\_\_\_\_

Date \_\_\_\_\_

We encourage you to give as much as possible to the Total Mission of the Western District Conference. These gifts will be divided as needed among all the projects of the Conference.

##### Western District Conference

These funds will go to support Western District ministries. If you are supporting a specific church plant, please specify.

##### Western District Conference Funds

Total Mission of the WDC.....\$ \_\_\_\_\_

Or as Specified

Church Plant.....\$ \_\_\_\_\_

Resource Library.....\$ \_\_\_\_\_

Camp Mennoscah.....\$ \_\_\_\_\_

Other (WDC).....\$ \_\_\_\_\_

##### Denominational Agencies

Total Mission of the Denomination.....\$ \_\_\_\_\_

15% MCUSA, 2% Racial Ethnic, 66% MMN, 14% MEA, 3% MPN

Or as Specified

MC USA Executive Board.....\$ \_\_\_\_\_

Mennonite Mission Network.....\$ \_\_\_\_\_

Mennonite Education Agency.....\$ \_\_\_\_\_

Mennonite Publishing Network.....\$ \_\_\_\_\_

Mennonite World Conference.....\$ \_\_\_\_\_

Mennonite Colleges & Seminaries

Bethel College.....\$ \_\_\_\_\_

Hesston College.....\$ \_\_\_\_\_

AMBS.....\$ \_\_\_\_\_

Other.....\$ \_\_\_\_\_

Total \$ \_\_\_\_\_

##### Mennonite Church USA

##### Denominational Agencies

If you want your contribution to be divided by the recommended amounts listed, use the "Total Mission" line. To specify your own division amounts use the "Or as Specified" portion.

Use the "Other" line for any agency not listed.

## Option 2

### I want to write separate checks

You are welcome to write separate checks and send them directly to the churchwide agencies and area conferences. Western District Conference, Mennonite Church USA, Mennonite Education Agency, Mennonite Mission Network and Mennonite Publishing Network are all 501(c)(3) organizations that can receive direct contributions.

Western District Conference, PO Box 306, North Newton, KS 67117

Mennonite Church USA Executive Leadership, 722 N. Main St., Newton, KS 67114-0347

Mennonite Education Agency, 63846 CR 35, Suite 1, Goshen, IN 46528-9621

Mennonite Mission Network, PO Box 370, Elkhart, IN 46515-0370

Mennonite Publishing Network, 616 Walnut Ave, Scottdale, PA 15683-1999

Mennonite Women, Mennonite Men, African-American Mennonite Association, Iglesia Menonita Hispana, Native Mennonite Ministries: 722 N. Main St., Newton, KS 67114-0347

## Mennonite Education Agency Unified Giving program

Mennonite Education Agency has a program that allows congregations and area conferences to support MEA and all its higher education institutions: Associated Mennonite Biblical Seminary, Bethel College, Bluffton University, Eastern Mennonite University and Seminary, Goshen College and Hesston College.

The program asks congregations and area conferences to identify themselves as *designated* or *unified*.

*Designated* congregations contribute to the colleges/universities, seminaries and/or MEA. All of these funds remain with the designated institution(s) or MEA.

*Unified* congregations may send one check to any of the colleges/universities, seminaries or MEA and the money is divided among all of them, using an agreed-upon formula.

If your congregation or area conference is unclear if you are *designated* or *unified*, check with MEA: [info@MennoniteEducation.org](mailto:info@MennoniteEducation.org); 1-866-866-2872 (toll free).

All checks may be sent through area conferences and MEA or directly to the institution(s).

Addresses:

Mennonite Education Agency, 63846 CR 35, Suite 1, Goshen, IN 46528-9621  
Associated Mennonite Biblical Seminary, 3003 Benham Ave., Elkhart, IN 46517  
Bethel College, 300 E 27<sup>th</sup> St., North Newton, KS 67117  
Bluffton University, 1 University Drive, Bluffton, OH 45817  
Eastern Mennonite University and Seminary, 1200 Park Rd, Harrisonburg, VA 22802  
Goshen College, 1700 S Main, Goshen, IN 46526  
Hesston College, PO Box 3000, Hesston, KS 67062

## **Additional Resources**

Pastor Salary Guidelines can be found at

<http://www.mennoniteusa.org/Home/Leaders/Layleaders/tabid/912/Default.aspx>

For additional information for congregational treasurers and finance committees, such as: software others are using, scholarships for pastors and also stories of generosity showing ordinary people who are generous with their time, talent and money; see

<http://www.mennoniteusa.org/Home/Leaders/Layleaders/tabid/912/Default.aspx> or

<http://www.mennowdc.org/Grants.html>

# Congregational Financial Management

(From *The Giving Project*)

The Giving Project suggests a fourfold process of financial methodology.

1. **Estimating congregational giving.** There are a variety of well-tested materials available to churches who commit to estimating giving. Some churches use an every-member visit, others a phone-calling campaign, still others a ‘pony express’ route. Some might use their small group structures. Most of these methods are effective, but only for about three years at a time. After three years the method becomes a little too familiar and planners start cutting corners, and with the corners goes the soul and enthusiasm for that method. When the method is changed every three years a fresh perspective is kept, energy is maintained and participation remains high. However, we recommend that whatever you do, collect these giving estimates in worship just as you would any offering.
2. **Setting percentages for distribution according to congregational mission.**
  - a. Maintain a center for worship (local ministry) – 10 to 25 percent of spending plan. Less than this percentage, buildings tend to fall into disrepair. More than this, they become debt-bound or lose sensitivity to ministry opportunities.
  - b. Be generous with those called to serve the congregation (staff) – 40 to 60 percent of spending plan. Less than this percentage and staff verges on burnout. More than this and churches tend to lose ministry of the laity and experience fiscal stress.
  - c. Help needy people in the congregation and around the world (benevolences) – 15 to 50 percent of spending plan. Less than this percentage and churches become too internally focused to be any good at expanding God’s kingdom. More than this and problems develop with investing in the nurture and discipling of those who attend the congregation.
3. **Linking distribution percentages with the congregational vision for the next year.** Two things happen when a congregation agrees on percentages for distribution.
  - a. First, the church can allocate line items within each of the categories, in accordance with the mission and goals of the congregation.
  - b. Second, the church may create an almost unlimited potential for being generous. Note the example below.
    - i. A church plans to spend \$100,000
      - 25 percent (\$25,000) has been earmarked for needy people in the community and around the world. The rest is divided between local operations and staff compensation.
      - 25 cents of each dollar collected is earmarked immediately. The remaining 75 cents is used as needed.
    - ii. When the church actually collects \$100,000
      - \$25,000 is already distributed to its promised mission endeavors.
      - \$75,000 is raised for local operations and staff compensation.



- Whatever other money is collected on top of the \$100,000 can be given totally to mission.
- The church experiences unlimited potential because 25% of the regular offering is always given to mission; once the entire estimate is collected all giving can be designated to additional special mission projects; and people have more freedom to do all their giving in worship with the local congregation.

#### 4. Following through.

- Build good decision-making processes.** Many congregations find they have difficulty talking about money not because they are poor stewards, but because they have a poor decision-making process.
- Link integrity to following-through on decisions.** When decisions are made, the congregation needs to “stay the course” and follow through with decisions made. For example, a congregation decided to start a second service on an experimental basis and reevaluate after six months. Two months into the process there was pressure to discontinue the second service, rather than waiting the entire six months.
- Report your spending effectively.** Have your reports match the spirit and style of your spending plans.
- Communicate ideals but expect reality.** Ideally, everyone will agree with these changes in congregational financial management. Realistically, some will still prefer older patterns because they’re familiar. Ideally, everyone will understand these methods. Realistically, some won’t make the effort. Ideally, everyone participates in giving estimates and in working with spending plans. Realistically, it takes time for older patterns to pass on. Don’t be abrupt with making change. Treat the passing with dignity.

#### Other spending plan considerations:

**Endowments:** Some churches have enhanced their giving potential by endowing operational expense like building maintenance, or investing in people development through scholarship programs or foundations. Don’t try to endow staff salaries, mission, or program, because that just perpetuates a meet-the-budget mentality. Reports and use of endowments should be kept separate from a congregation’s giving estimates and spending plan. It is wise to pass a policy on endowment before one is given to your congregation. It is a lot easier to make solid decisions when no outside pressure is forcing the issue. Endowments are more useful in the long term if their restrictions are minimal. Needs change over time, and many times endowments suddenly find themselves without a program.

**Fiscal Year:** Many churches connect their fiscal year to the calendar year. But one of the problems with this is trying to round up giving estimates and put together a spending plan during the busy Advent season. The second problem is that it makes the fiscal year begin during the congregation’s weakest giving months. Traditionally, January, February and June are months during which a congregation’s cash flow is stressed. Late spring and September

through December are usually the strongest income months. When a fiscal year begins during the weaker months, right away it looks like your income is behind the estimate of giving. You spend the year feeling as if you must play catch up, particularly at the end of the year. But you can easily correct these problems when a fiscal year begins during the strongest months.

### Sample Congregational Spending Plan

Congregation's estimated giving	\$194,000.00
Other expected income	\$ 6,000.00
Total income	\$200,000.00
Current reserve fund	\$ 16,436.17
(8.22% of estimated giving)	
Maintaining our center of worship (20% of funds)	\$ 40,000.00
Utilities	
Building repairs	
Custodial supplies	
Insurance	
Music	
Sunday school curriculum	
Vacation Bible School	
Committee expenses	
Being generous with our staff (48% of funds)	\$ 96,000.00
Staff salaries	
Staff benefits	
Business expenses	
Office supplies and equipment	
Postage	
Phone	
Helping needy people in the church and around the world (32% of funds)	\$64,000.00
Church schools	
Denominational missions	
Local food pantry	
Prison ministry	
Church planting	
Denominational and area conference support	
Local ministries	
Total spending plan	\$200,000.00

### Sample Congregational Narrative Spending Plan

Our mission is to proclaim the reign of God in worship, in our engagement in mission and in our community life. We will strengthen our discipleship to this task this next year by:

1. *Proclaiming the reign of God in our worship through planning and hosting as many as 65 worship events.* We will use \$75,000 in doing so. This includes some of the expenses to maintain a gathering place for worship, supplies, compensation for time spent to develop messages from Scripture for our spiritual growth, administration and miscellaneous expenses when we host a wedding or a funeral.
2. *Proclaiming the reign of God by engaging in mission through nine ministry organizations. People from our church are connected to these ministries and we choose to invest in their efforts.* The mission committee is the resource for this work. Our donations to the below-listed organizations and the costs for mission education means we will use \$77,000 of collected money for this end. This \$77,000 represents our corporate firstfruits giving to extend God's kingdom around the world. It is 38.5 percent of each dollar you have estimated you will give next year, and that percentage will be set aside from every dollar collected during our worship services. These ministries include:
  - a. Church planting in Gary, Indiana (Harry and Betty Smith have relocated to assist in this effort).
  - b. Our connection to area conference and denominational resources (Rhonda Becker serves on the area conference education committee).
  - c. Prison ministry (Thom Dean and Jack Granger are volunteers).
  - d. Our support of the Kranke family, who serve as missionaries through Mennonite Mission Network in Chile.
  - e. The food pantry (directed by Sara Fernandez).
  - f. Church schools (we have six students attending the local Mennonite College and three at the local Mennonite high school).
3. *Proclaiming the reign of God through our community life.* This includes the pastoral care we provide for members and friends of our community, Christian education, our fellowship dinners, a significant portion of our pastor's ministry and administrative time, the work of the trustees, fellowship committee, Sunday school superintendents and a share of maintaining the building in which we meet. We expect to use \$48,000 for these things.

We hope to receive more than the \$200,000 we collectively estimated we would give in worship this next year. When and if this happens, we look forward to extending even more generosity than we dreamed.

**Worship, stewardship and the budget:  
One congregation's attempt at firstfruits giving and the 1 percent challenge.**

One congregation designed a process to help their congregation to consider lifestyle issues, stewardship, the meaning of the lordship of Christ and firstfruits giving. They also wanted to take on their denomination's challenge to increase their giving by 1 percent of their income each year.

### ***Summary of giving estimate and spending plan process***

1. A stewardship committee (chair of trustees, treasurer, elder, pastor and any additional at-large members invited by the trustees) meets in early fall to make plans for highlighting stewardship throughout the year.
2. Two Sundays to highlight stewardship in worship are planned for the fall. For those Sundays, there will be a coordination of worship, sermons and classes on stewardship for all age levels.
3. An invitation is extended to order offering envelopes – one way to encourage giving in a firstfruits manner.
4. A packet of materials is distributed in mid-to-late November containing selected references and anecdotes on stewardship, spending plan highlights and process, samples of the 1 percent commitment and a giving estimate form.
5. Stewardship Sunday is observed on the first Sunday of December. Celebration of stewardship and the collection of giving estimates is part of the worship service that day. Pastors send a letter the week before, reminding the congregation of the celebration. Telephone calls are made (as needed) following that Sunday, reminding people to return the forms.
6. The stewardship committee reports to the trustees and to the administrative council the amount of estimates received and determines any necessary adjustments to the spending plan. The annual business meeting is held in January to review the spending plan approved by the trustees and the administrative council and to seek approval of the total congregation.
7. The results of the giving estimates and the spending plan process were as follows:
  - a. A balanced spending plan equal to the estimates received was presented, discussed and approved.
  - b. Total estimates: 85 (79 adults and 6 children). 90% of families regularly attending estimated this giving.
  - c. \$259,000 was estimated, up 3.4% from the previous year. Average estimate: Adults (family unit) - \$3,280 and children \$150.
  - d. Further breakdown estimates:
    - i. 11 new estimates.
    - ii. 40 estimated more than the prior year.
    - iii. 48 estimated they would give on a firstfruits basis.
    - iv. 20 estimated they would give 1% more of income.
8. People new to the church received information about the congregation's financial management with no expectations. The information is also part of membership classes, at which time leaders encourage one to begin estimating.

#### A "typical family"

Annual income	\$50,000
Giving to church – 5%	\$ 2,500

#### The request for (year)

1. Make God number one in your life.
2. Give to God on a firstfruits basis.
3. Work toward giving at least 10% of your income through the church offering plate.

4. Give at least 1% more of income next year.

Next year's income (5% raise)	\$52,500
Giving to church – 6%	\$ 3,150*

\*You would be giving \$12.50 more each week. The annual total would be a 26% increase over the dollar amount actually given the previous year!