The background is a warm, orange-toned collage. At the top left, a portion of a white calculator is visible, showing keys for '+', '=', and '00'. Below the calculator, a white computer keyboard is partially shown. In the lower half of the image, several hands of different skin tones are reaching up to hold a glowing globe. The overall aesthetic is professional yet human-centric.

Narrative Budget

How to Re-tool Your Line Item Budget
Into
Your Story as a Missional Church

About This Booklet

This booklet is the process used by Memorial Lutheran Church, Evangelical Lutheran Church in America, in Nevada, Iowa to create a Narrative Budget for 2012. Memorial began the transition to a Narrative Budget with two key activities. First, the 2011 Budget contained a narrative for sections of the line item budget offering explanation for the proposed expenditures. The explanation was well received by the congregation as they considered the use of financial resources for the coming year.

Second, the Church Council launched an initiative in the summer and fall of 2011 focusing on the ministries of the congregation and goals for the coming year called “Got Passion?”. This initiative sought to educate the congregation on the many ways that Memorial was using its abundant gifts to be the body of Christ to the world.

Re-tooling the line item budget into a narrative budget provided the best vehicle for aligning the 2012 ministry goals with the 2012 financial goals. The purpose of this booklet is to provide a possible process for telling your own story.

In many churches we spend fifty-one weeks out of the year being evangelical – proclaiming God’s reconciling forgiveness, mercy, and love and missional-engaging in witness and service in God’s world. Then one week of the year we disconnect this work and roll out a set of figures on a spreadsheet and ask the congregation to be inspired. Connecting our vision and mission with the financial resources needed to support them keeps the conversation going all year.

This booklet is being provided to each congregation of the Southeastern Iowa Synod by the Stewardship Working Group.

Line Item Budget vs. Narrative Budget

A narrative budget can be defined as the story of how your congregation practices good stewardship of the gifts entrusted to it. It provides a vision of where the church hopes to be in the coming year. While the bottom line of the financial goal of the narrative budget and the bottom line of the line item budget are equal, the approach and message are not. If you look at the line item budget of Memorial Lutheran Church, you notice that a majority of the financial resources go to compensate employees and keep the building in operation. In fact 65% of the total expenditures cover these lines with another 23% in other administrative costs. The figures do little to inspire giving or invite participation in ministry.

A narrative budget allows for a re-thinking of staff resources from salary to an investment of staff support for the mission and vision of the congregation. The expenditures for building use and administration are also necessary costs for maintaining and growing the ministries of a congregation. Best of all the narrative budget streamlines the numbers in a way that is clear, concise, and an invitation into supporting God's work. In the article, "The Budget Isn't Really That Important" Michael Durall writes, "Budget figures should be part of the information shared about how money is raised and spent in the congregation. But keep in mind that numbers are boring to many, misunderstood by others, and uninspiring to just about everyone-not ingredients for a successful pledge drive!"

The table below offers a comparison between a line item budget and narrative budget. The next pages will outline a process for re-tooling your line item budget into your story as a missional church.

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

Getting Started

This set of steps 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. Use the table on page 4 to offer a comparison between the two budget schemes.

Step 2:

Create a line item budget.

The leadership creates and approves the line item budget.

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.

Below are the ministry areas Memorial identified with the ministry groups under each area and color code each was assigned.

Global and Local Mission	Faith Formation	Worship and Music
Pastoral Care Stephen Ministry Heart-Y Meals Circle Harmony Clothing Closet Haiti Mission Group Prayer Shawl Ministry Lutheran World Relief Threads of Love Food at First Funeral Care Group Cancer Support Group	Families With Children Circle Families With Youth Circle Faith Formation Team Living Faith Nights Circle Adult Study Circles Women’s Circles	Worship and Music Team Lay Eucharistic Ministry Lector Guild Usher Guild Memorial Choir Handbell Choir Altar Guild
Stewardship	Support Ministries	
Volunteerism Circle Property Team Tell Circle Stewardship Team Thank Circle	Church Council Executive Committee Ministry Partnership Information Services Ministry Endowment Board Remembrance Team Finance Team	

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 and Music. The next steps deal with the line items falling across more than one category. The figure below shows color-coding of the line item budget similar to step 3.¹ The orange color is for ministries falling across more than one ministry area.

Line Item Description	2012 Budget
Ministry Away from Home	
ELCA Mission Support	
Other Mission Support	
Seminarian Support	
Church in the World	
Lutheran Lakeside	
Chaplaincy Program n Iowa City	
ISU University Lutheran Center	
Ministry at Home	
Outreach Ministry	
New Member Study Books	
Welcome Wagon	
Stephens Ministries	
Human Services Ministry	
MICA Project Home 2	
Sunday Church School Ministry	
Augsburg SCS	
Christmas Program	
Teacher Recognition	
Vacation Bible School Ministry	
Confirmation Ministry	
Intergenerational 1-6	
First Communion	
10th grade Confirmation	
Confirmation Camp	
7th -9th grade confirmation	
Confirmation Camp-Pastors	
Bibles--4th and 10th Grade	
Faith and Family Ministry	
WELCA Triennial	
Ministry Partnership	
Stewardship Ministry	
Offering Envelopes	
EFT Administrative Expense	
Worship and Music Ministry	
Staff and Support of Ministry at Home	
Senior Pastor (Salary, Housing)	
Associate Pastor (Salary, Housing)	
Senior Pastor's Pension and Insurance	
Associate Pastor Pension and Insurance	
Senior and Assoc Pastor's FICA	
Pastor's Mileage	
Pastor's Book Allowance	
Parish Life Director Salary	
Accountant Salary	
Parish Life Dir. Pension and Insurance	
Visitation Pastors	
Keyboard Musicians	
Minister of Worship and Music Salary	

Choir Director	
Choir Accompanist	
Choir Music	
Piano and Organ Tuning	
Staff Benefits - FICA non-pastoral staff	
Staff Continuing Education	
Continuing Ed- Pastors	
Sabbatical- Pastors	
Continuing Ed- Parish Life Director	
Continuing Ed- Staff	
Continuing Ed- Musicians	
Staff Mileage	
Synod/Conferences	
Office Supplies	
Postage	
Printing Services	
Administration	
Admin. Assistant Salary	
Admin. Assistant Benefits	
Finance and Insurance	
Office Equipment	
Equipment Purchase & Repair	
Tape Back-Up	
New Computers/ Software	
Outside Computer Support	
Office Equip Capital Improvement	
Maintenance and Utilities	
Custodian Salary	
Contract Maintenance and Labor	
Lawn Care	
Snow removal	
A-1 Pest Control	
Fire Inspection	
Boiler Inspection	
General Maintenance	
Cleaning Supplies	
Consumables (Paper, Plastic)	
Repair/replacement	
Equipment Purchase & Repair	
Boiler and AC Maintenanc	
Utilities	
Gas & Electric	
Water/Sewer	
Garbage	
Communication	
Ecunet Subscription	
Internet fees	
Web Hosting	
Email Hosting	
Telephone	

Step 5:

Allocating line items across ministry areas.

Each staff member completes an audit of their time to allocate across the ministry areas. What investment of work time is spent supporting 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. The example outlines how building use was apportioned.

Office Supplies	
Postage	
Printing Services	
Equipment Purchase & Repair	
Tape Back-Up	
New Computers/ Software	
Outside Computer Support	
Office Equip Capital Improvement	
Maintenance and Utilities	
Custodian Salary	
Contract Maintenance and Labor	
Lawn Care	
Snow removal	
A-1 Pest Control	
Fire Inspection	
Boiler Inspection	
General Maintenance	
Cleaning Supplies	
Consumables (Paper, Plastic)	
Repair/replacement	
Equipment Purchase & Repair	
Boiler and AC Maintenanac	
Utilities	
Gas & Electric	
Water/Sewer	
Garbage	
Communication	
Ecunet Subscription	
Internet fees	
Web Hosting	
Email Hosting	
Telephone	

The line items to the left are all part of the use of the building and shared office expenses. In order to determine how the items should be apportioned across the five ministry areas, an audit of the building use was completed.

Twenty weeks of the year were sampled by choosing five weeks from each quarter of the year. Each hour the building was in use by a ministry was recorded to get a total hours of use for twenty weeks and total for each ministry over twenty weeks.

In 20 weeks the building was in use for a total of 1142 hours. During that time the total building use for Worship and Music was as follows:

Activity	Hours
Worship Preparation and Services	80
Rehearsals (choirs, keyboardists)	85
Printing and Preparing Worship Materials	85
Total	250

Worship and Music Ministries accounted for 21.9% of the total building use. The same audit was done for each ministry area to determine the percent of the total building hours used by each area.

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

Example: Calculate the portion of building use expenses used by Worship and Music Ministries.

For our example we will say that the line items above are budgeted at \$10,000. 21.9% of \$10,000 is \$2,190. This amount is added to the other line items that are completely allocated to Worship and Music Ministry such as Worship Supplies and Organists' Salaries.

The chart on the next page shows the breakdown for all of the ministry areas and the percent of the total budget needed by each ministry area.

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%	
Senior Pastor						
Percentage Breakdown	25.0%	15.0%	20.0%	5.0%	35.0%	
Associate 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.

Now that all of the money work is done, it is time to add your story.

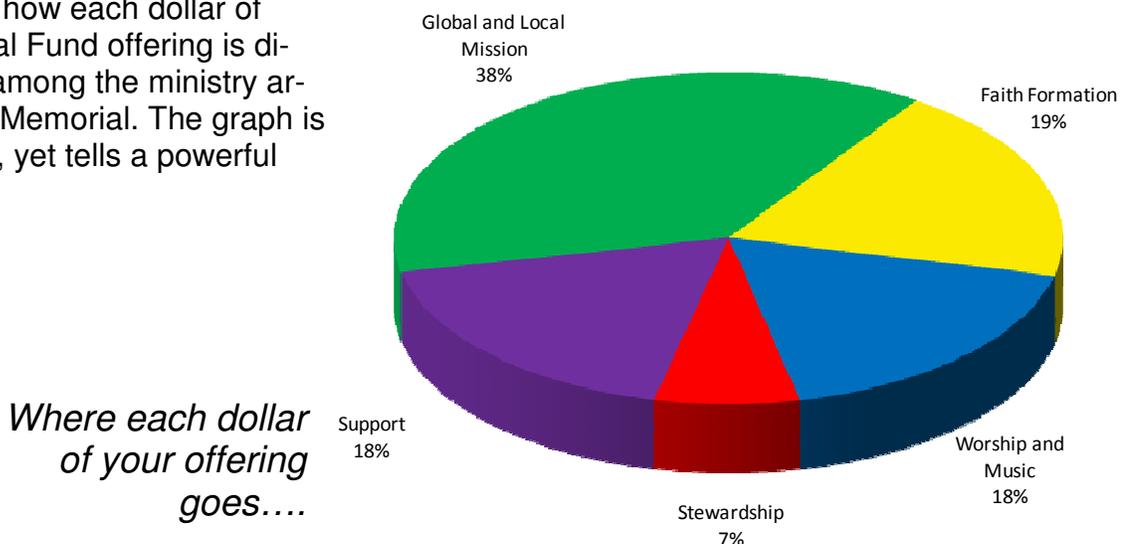
Telling Your Story

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 missional story 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 with both 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 the pastor told the story of the successful school supply drive by the area churches and the distribution of the supplies. He also shared the school district still needed \$200 for school supplies for the remaining children not served at the distribution event. After worship 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. This graph shows how each dollar of General Fund offering is divided among the ministry areas at Memorial. The graph is simple, yet tells a powerful story.¹



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:

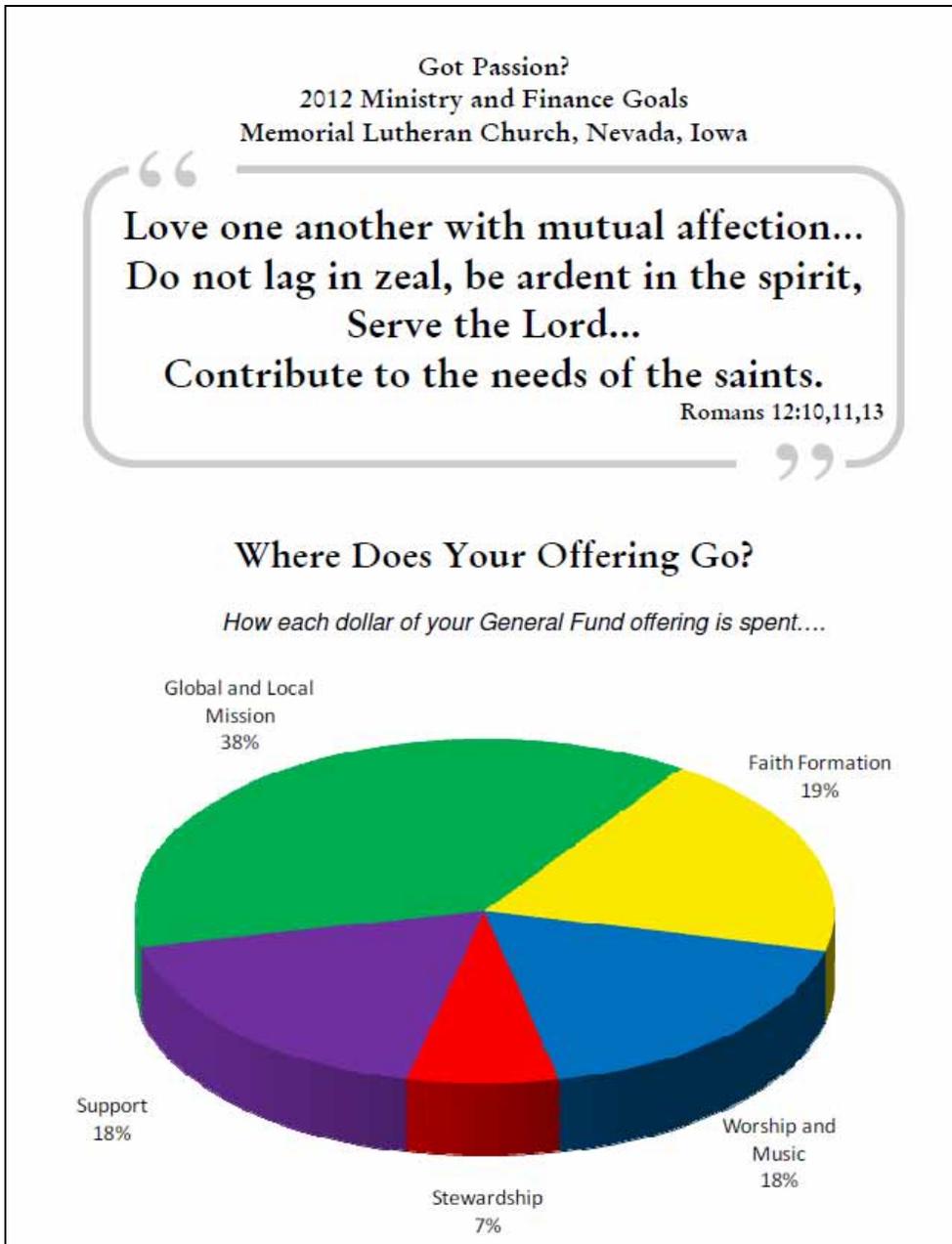
- Make sure they fit the mission of the ministry and the church
- Make sure they are attainable
- Make sure the total number of goals is manageable
- Make sure they are inclusive
- Make sure they are clearly worded.

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 Memorial's narrative budget show 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

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A sample ministry area page incorporating scripture, story, goals, testimony, and budget amount. A page like above is created for each ministry area and included in the narrative budget.

Some Questions You May Have

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.

Sources

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

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

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 Past Year Accomplishments of Each Ministry Area		
Set goals for Each Ministry Area for the coming year		
Print Narrative Budget Booklet		

Ministry Area Budget Breakdown

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