

Church Budget Guidelines

A survey of various resources on church budgeting reveals that there is no single standard (see summary of sources below). The variables are simply too diverse: size of church; polity; church vision; philosophy of ministry; God's provision of staff (paid and volunteer); widely diverse property/facility values; member demographics; giving patterns; etc. The following percentages, however provide ranges that give some framework for a "typical" church budget:

- 10-30% Mission Giving (outside the church; includes Conference and ECC)
- 20-40% Church Ministry (church programs/administration)
- 40-60% Staff Expense (payroll, pension, health, etc.)
- 20-40% Facility Expense (building costs, debt, etc.)

Healthy Missional churches should strive to hold staff and facility expense in the lower end of these ranges, in order to facilitate greater ministry and mission; ideally below 70%. This can be particularly challenging for a church that is younger and/or smaller.

Additional goals for Healthy Missional churches include:

- Minimum average attendance of 150
- Operating reserves of 6 months
- Average per capita giving of at least \$1,700/year (will vary widely by context)
- Personal giving that strives for percentage, progressive, and priority giving
- Minimum church partnership of 10% combined mission giving to your Conference and the ECC

Summary of Sources

Dan Hotchkiss, Alban Institute, 2013

- Tithe/offerings should contribute at least 80% of total income
- Payroll in a large church may average 40% of budget; 60% in a small church
- Debt should be no more than 25% of budget
- Total building expense should be no more than 30% of budget
- Minimum of 10-20% of budget should go to missions outside of church
- Maintain 3-6 months of reserves

David Bennett, *4 Guidelines for a Healthy Church Budget*, November, 2013

- 10% Giving: outside the church
- 10% Savings: reserves for a rainy day
- 50% Staff: will vary depending on mortgage debt
- 30% Building and Ministry: will vary depending on mortgage debt

Evangelical Christian Credit Union, 2013 Study of Member Churches

- 58% Personnel
- 21% Ministry & Mission
- 21% Building

Susan Beaumont, *How Many Staff Do You Need?* July, 2013

Faith Communities Today (Fact 2008, 2010) is a study out of the Hartford Institute for Religion Research, that looked at, among other things, how 3,000 congregations allocated their budgets. Researchers discovered that the average U.S. Protestant congregation allocates 45 percent of its total operating budget to payroll-related costs. Mainline churches spend considerably more (49 percent) on payroll-related expenses than either the Evangelical Protestant (31 percent) or the Catholic/Orthodox communities (41 percent).

Tom Rainer, *Ten Rules of Thumb for Healthy Churches*, March 2013

- Number of acres needed for church site: one acre for every 125 in attendance. This ratio is based on useable acres. That number is affected by zoning requirements, water retention requirements, and property shape, to name a few.
- Parking Spaces: one space for every 2 people in attendance.
- Parking Area: 100 spaces for every acre used for parking.
- Evangelistic effectiveness: 12 conversions per year for every 100 in average attendance. Different congregations used different terminology: conversions, baptisms, professions of faith, salvations, etc. In this metric, the number refers to those in the past year who became Christians and became active in that specific congregation.
- Seating space per attendee: 27 inches. That number was 20 inches at one time. It has changed due to larger posteriors and greater cultural space desires.
- Maximum facility capacity: 80% full. When a facility is 80% full architecturally, it feels 100% full. (Editorial note: we would caution against this traditional ratio; instead wait as long as possible before starting a new service. Critical mass is hard to recover.)
- Retention effectiveness: For every 10 new members added per year, average worship attendance should increase by 7.
- Effective giving: For every person in average attendance, including children and preschool, \$26.00 in budget receipts. For example, a church with an average worship attendance of 100 should average at least \$2,600 in weekly budget giving. This ratio is obviously greatly impacted by demographics.
- Maximum debt payment budgeted: 33 percent of annual income for most churches. Up to 40 percent for fast-growing churches.
- Maximum debt owed: 2.5 times the annual church income for the previous year.

NCP Lending Guidelines (2014 summary)

- Minimum average attendance of 150
- 5 year trend of overall growth
- Projected increase in attendance
- Credentialed Covenant pastor
- Minimum \$175,000 in local giving (apart from Capital Fund drive)
- Minimum 3% growth in general fund over past 3 years
- Giving not concentrated in a few households
- Reflects ECC's regional average per capita giving (\$1700+/-)
- Minimum 10% combined mission giving to ECC and Conference
- Capital Fund Drive is required
- Expectation of 20% total project in cash