

# Rethinking Your Church's Budgeting Process for 2021—Q&A

Answers and resources for questions asked during the live webinar Q&A.

During the live webinar “Rethinking Your Church’s Budgeting Process for 2021” on September 9, 2020, attendees submitted a number of questions. CPA Michael Batts wasn’t able to answer all the questions during the event, so he graciously agreed to answer them on this bonus PDF.

## Question:

It sounds like zero-based budgeting could be useful in the sense of having every program be evaluated against the plumb line of the church’s mission. Would that be accurate?

### Michael Batts:

Yes. Well said.

### Editor’s Note:

For more information on zero-based budgeting, refer to chapter 1 in [Church Finance: The Church Leader’s Guide to Financial Operations](#).

## Question:

Over the last few years, we’ve been doing zero-based budgeting. We do annual budgeting. How would 6 month or 3 month budgeting look like?

### Michael Batts:

It would be the same process, just with shorter periods and more iterations.

### Editor’s Note:

For more information on zero-based budgeting, refer to chapter 1 in [Church Finance: The Church Leader’s Guide to Financial Operations](#).

## Questions:

1. I would love to hear some thoughts on tiered or contingency budgets. Best practices? Tools or templates?
2. Any special policies and procedures dealing with budgets especially around emergency situations, such as COVID issues?

### Michael Batts:

Refer to the “[Church Financial Management in Challenging Times](#)” webinar I did with Church Law & Tax.

## Question:

How would you address staffing volatility (i.e. avoiding cycles of hiring and layoffs) in rolling/flexible budgeting? Personnel are typically the biggest component and most important mission resource, and we shouldn’t disregard the HR (personal) costs of staffing volatility. Is the answer budgeting for more margin?

**Michael Batts:**

If the volatility is cyclical/seasonal, I would suggest using seasonal employment. If it is not, I think you have to adapt to the changing circumstances on a fluid basis, striving to keep people employed as much as you believe you can, while being good stewards.

**Editor's Note:**

For information on rolling budgeting, see "[Some Churches Keep Their Budgets Rolling.](#)"

**Question:**

So visiting a rolling budget monthly means each department has to submit requests monthly and/or plans only one month out? Being that, like you said, we can't control income. Can you talk through an example of what this would look like?

**Michael Batts:**

Assume you have a rolling six-month budget. And assume that, because of significant volatility, you update it every month. Each month, the church leaders update the projections/budget for the next five months, and they add a new projection for a new month on the end.

**Question:**

With most church software programs, how would the rolling budget continue past the year-end?

**Michael Batts:**

You may have to manually update and manipulate the software inputs, but the process would be to update the budget numbers as needed.

**Question:**

Should you include other board-designated reserves (e.g., capital replacement reserve), into your operating reserve calculation as the board can undesignated the funds in times of true crisis?

**Michael Batts:**

Possibly. It depends on how significant the need is for the funds to be used for the board-designated purpose.

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For more help understanding budgeting, see Michael E. Batts's [Church Finance: The Church Leader's Guide to Financial Operations](#).