



# BUDGETING IN UNCERTAIN TIMES

# Change & Uncertainty In Our World?

DISAFFILIATIONS	
Northeastern Jurisdiction	39
North Central Jurisdiction	274
Southeastern Jurisdiction	923
South Central Jurisdiction	756
Western Jurisdiction	11

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# How do we Budget & Plan For The Future?



# Actions and Approaches for Planning in Uncertain Times



# Constant & Clear Communication

Get All Leaders Involved



Financial Projections and planning should be done with transparency and collaboration.



Development of missional priorities. This will be crucial for Scenario Planning discussed later.



Constant and clear communication to all staff, churches and constituents.



Result will be a culture of engagement and understanding & buy-in of decisions.

# Scenario Planning

With great uncertainty, multiple scenarios must be considered and thoughtfully planned.

**Create at least 3 separate scenarios of:**

- Worst Case
- Average
- Best Case

**Plan for the Worst Case:**

You can pivot between the plans if things get better, but it is harder to adjust to a worse case scenario if your primary plan is overly optimistic.

**Result will be:**

Better decision making when answers to uncertainties become known as the plans are already in place and decisions don't have to be made in a hurry. This alleviates the emotional and crisis decision making.

# Establish Reserve Usage Tolerance In <sup>=</sup> Your Scenarios

In preparation of each scenario, it is important to agree upon and establish what levels of reserves you are willing to utilize to bridge the uncertainties.

## **What levels of usage will trigger:**

- Office Closures
- Staffing changes
- Etc.

# Short-Term Forecasting



**During the year it is important to focus on short term forecasts of 3 months out.**

- This is likely the period where forecasting can be the most accurate during uncertain times.
- If circumstances change, react quickly based upon scenario planning already developed.
- Share forecasts with all staff and board. Ensure transparency and build trust.

# Reduce Fixed Costs



**Fixed Costs should be reduced or renegotiated where possible**

## Buildings and Facilities

- What is required in today's working environments?
- Can leases be renegotiated?

## Meetings

Can you utilize virtual settings for all or part of meetings:

- Annual Conference
- Districts
- Cabinet
- Etc.

## Organizational Structure

- Are there more cost-effective structures without jeopardizing the missional priorities and responsibilities?

# Variable Costs



Discretionary spending should be eliminated or reduced until such a time they are affordable. This will take cooperation across all areas of the organization. Every dollar does count.

What functions/services can be outsourced to specialists at a savings?

Engage all staff and enlist ideas for cost reductions. You might be surprised at the solutions you get.

# Missional Priorities



Collaboration amongst all leaders to establish the missional priorities.

These should be ranked and prioritized. This can be a difficult discussion, but it is important to have honest conversations, without being critical of individuals or programs.

What is MOST important??

# Zero-Based Budgeting



One popular approach is Zero-Based Budgeting.

Build your revenue budgets first under your various scenarios.

Begin allocation of these dollars based upon missional priorities that have been established.

Engage all staff and enlist ideas for cost reductions. You might be surprised at the solutions you get. Create a culture of accountability at all levels.

# Maximize Revenue



## Demonstrate Worthiness of Contributions

- Communication of effective ministries to congregations and church leaders.
- As people have less discretionary money for charitable contributions, be aggressive to demonstrate that you are worthy of their dollars.
- Make everyone aware of your successes.

## Diversify Revenue Streams

- Utilization of existing or dormant resources
- New programs / virtual events

# Bottom Line?



- Working together as a team with constant communication will create a vision, strategy and budget that is embraced by all.
- Have multiple plans ready for various income levels but Prepare For The Worst!
- Be agile and ready to adjust as circumstances change. **HAVE A PLAN!**
- Get creative and listen to your staff's ideas to both reduce expenses and expand revenues.

# QUESTIONS





# THANK YOU



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