

## BUDGETING GUIDELINES

### GENERAL INTRODUCTION

“I know how to get along with humble means, and I also know how to live in prosperity; in any and every circumstance I have learned the secret of being filled and going hungry, both of having abundance and suffering need. I can do all things through him who strengthens me.”

*Philippians 4:12-13*

It is critically important that the financial dimension of the religious education program be handled both accurately and efficiently. A meeting with the pastor and/or finance council chairperson to establish areas of responsibility and guidelines for budget formation and departmental financial reports is essential. Depending on the style and staffing of the parish, the religious education leader may or may not be immediately responsible for bookkeeping and check writing. An understanding of all the income and expenses related to various aspects of the program is essential whether or not one is responsible for the mechanics of accounting.

The budget is a tool that generates parish awareness regarding program income and expenses. The budget serves two purposes. The first purpose of a budget is to provide the parish with a “best guess” estimate of the income and expenses of the religious education program for the upcoming year. The budget is a planning tool that allows parish leaders to prepare for the efficient operation of the program. The initial stages of the budget would also alert the parish of “seasonal” needs (e.g. most religious education programs need a significant percentage of their monies early in the year to pay for textbooks).

Creating a budget is typically done on an annual basis. The budget should be submitted to the pastor and/or finance committee and approval sought at the time specified by the pastor (budgets typically run from July through June). If the parish provides specific forms determined by the parish business administrator or pastor for the development and tracking of a budget, these forms should be used. If the parish does not specify particular forms to report financial transactions to the pastor and finance committee you will find sample forms in this section of the Handbook. An important factor in this endeavor is the ability to keep good records of how much is spent, where it is spent, and for what. The key to a good budget is good data.

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### GENERAL INTRODUCTION, CON'T



Once a budget is approved by the pastor, the accounting detail sheets allow the religious education leader to monitor income and expenditures against the budget estimates. This monitoring function, the second purpose of a budget, allows for timely adjustments to the budget in the event of unforeseen expenses or income shortfalls. Budgets must be both realistic and accurate if they are to be helpful. As the year progresses your accounting should show you how well you are doing in relation to your original estimates. Your accounting process should reveal trends (overspending in one

area or additional income in another area). The purpose of the entire process is to catch trends which deviate from the plan before they become a problem.

It is of value to the religious education leader to plan and adhere to a budget and keep accurate financial records even if not required to do so by the pastor. If the religious education leader has checking or saving accounts for which they are responsible, accurate record keeping is essential. Inaccurate record keeping may appear to others as fraud and could have legal consequences. A monthly list of all expenditures plus a summary of these expenditures comparing them to the budget is simply sound business practice.

The structure of parish budgeting varies widely depending on parish policy. The parish budget item called "Religious Education Department" would typically include items such as payroll taxes, retirement, health and disability benefits, utilities, repairs and maintenance for classrooms and office space, and office equipment rental. The religious education program budget monitored by the religious education leader could include salaries as well as the above named items.

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THE "CHART OF ACCOUNTS" is a listing of account numbers assigned to a specific budget category that applies across the field of accounting. The typical numbers under this process would be immediately recognized by any trained accountant. In the Diocese of Erie there is a Universal Chart of Accounts used by all parishes in the diocese. The diocesan assigned numbers for religious education are used on the budget and accounting forms in this section of the Handbook.

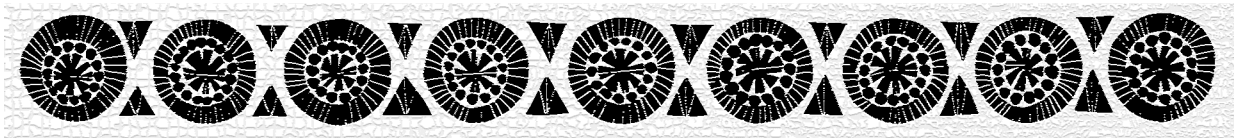
Make sure volunteers are aware of budget policies that are necessary to maintain the budget. Encourage catechists to request materials well in advance for special crafts, activities and prizes so there is time to review the request in light of the budget. In larger programs, consider using a materials request form. A sample is provided in this section of the Handbook.

Monthly allocations enable the parish accountant to be aware of the peak and valley months of each parish department. Generally, textbook costs and classroom supplies occur in August - October, so the major portion of your budget will be used during these months. Track expenditures on the accounting forms provided in this section and they will reveal the patterns of need for the religious education office.

Copies of all check requests, receipts and bills should be filed in the religious education office.

All check requests should be approved by and submitted through the religious education leader.

Check requests for reimbursements must be accompanied by receipts.



This section is adapted from *Keeping Records and Budgets*

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### STEWARDSHIP ISSUES TO CONSIDER

#### BE THRIFTY

Many parishes have accounts with local merchants who offer a discount. Find those supply stores that offer a discount to nonprofit organizations. Usually the stationery store is less of a bargain than the major discount stores that exist. Look through catalogs and compare prices as some offer better discounts. There are supply companies that service schools so connect with the school secretary for catalogs or for combined orders.

Supplies such as glue, construction paper, crayons, markers, poster board, and pencils can be purchased at craft stores often at substantial savings. Look through the telephone book for schools supply stores that often will offer a discount to nonprofit organizations.

#### PETTY CASH

Petty cash is money set aside so that it is easily accessible for quick reimbursement or quick purchases without the need for a check request. It is not for large purchases nor should there be a significant amount of money in this fund. Typically, a standard amount can range between \$100 and \$200. Accurate records must be kept of how the money has been spent. Samples of a petty cash request form and petty cash records form are included in this section. Petty cash funds are a typical part of a budget.

#### HOSPITALITY

Because religious education programs are heavily staffed by volunteers, it is important that a welcome and “thank you” are extended to these important people. There are many ways in which this can be accomplished. At Christmas time a small gift can be offered. Also important is the need for community building and celebration. An occasional meal together, an end-of-the-year dinner, a Christmas party, a potluck or a family picnic are all effective ways to show appreciation and build community. All of these are budget items and need to be accounted for.

Catechists also like to have class parties to celebrate special holidays, events or milestones. If refreshments are to be served, a budget line needs to be added for this.

## BUDGETING GUIDELINES

### STEWARDSHIP ISSUES TO CONSIDER, CONT'D

#### TEXTBOOK PUBLISHERS

Be aware of early purchase incentives and discounts from textbook publishers. Offers of free shipping and handling are often given for ordering early. Also, if storage space is not a problem, further discounts can be available for shipping in the spring. Many will agree to delay billing until the fall. Many also offer discounts for prepaid orders or payment within a certain number of days after receiving the invoice.

Working with a textbook company's sales representative is usually better than working directly with the warehouse. The representative often has the authority to offer discounts and can keep the religious education leader advised of current special offers. There are often possible reduced costs that can be offered by a publisher's representative. Also remember that publishers are our partners in religious education and return significant amounts of money to dioceses in training programs and support for conference speakers.

#### LOCAL MERCHANTS

Parishes are members of a community and so consider shopping locally. Local economies need support to stay healthy.



## BUDGETING GUIDELINES

### FREQUENTLY OVERLOOKED BUDGET ISSUES

#### CATECHIST AND LEADER RESOURCES

There are many important magazines on the market to which the religious education program may wish to subscribe. Some that are appropriate for catechists include *Catechist* magazine or *Religion Teacher's Journal*. A copy mailed to each catechist would be the ideal, if the budget permits or if not, at least one should be made available in the religious education office or resource center. Other magazines that would be of more interest to the leader would include *Living Light* and *Religious Education* magazine as well as *Church* and *Today's Parish*. These magazines offer interesting articles, ideas for classroom projects, helpful teaching hints, and thoughts for personal spiritual enrichment. Again, these resources require budgetary attention.

National organizations such as *National Association of Parish Coordinators and Directors of Religious Education (NPCD)* and the *National Conference of Catechetical Leadership (NCCL)* are also excellent resources for the religious education leader. When possible, the religious education leader should consider attending the annual conferences offered by these organizations to avail themselves of resource opportunities and to meet and talk with other religious education leaders. Membership dues should be an item in the budget, and if possible, the cost for the annual conference as well. Another conference that many have found both informative and helpful is the annual *East Coast Conference*.

Money makes ministry possible. If basic procedures are established and policy determined and followed, the budget will insure just stewardship of parish resources.



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### TYPICAL CATEGORIES

#### BUDGETS WOULD TYPICALLY INCLUDE:

##### INCOME:

- registration fees
- fund-raisers (optional)
- donations
- adult program fees
- special fees for things like sacrament preparation programs, etc.

##### EXPENSES:

- salaries and benefits
- mileage traveled for parish business
- telephone
- postage
- office supplies
- classroom supplies
- textbooks
- printing or copying
- hospitality
- training resources
- in-services expenses
- religious education conferences
- books and periodicals
- audiovisuals and audiovisual equipment
- speakers
- volunteer appreciation dinner
- refunds and general miscellaneous expense
- class rewards and prizes
- petty cash
- etc.

