



## *Basic Advice About Cutting Budgets*

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I call it the “*hack & whack*” dance — the temptation of congregational boards to face financial problems simply by lopping parts of the expense budget. To the extent a congregation’s budget reflects its values and priorities, just truncating budget lines is at best an inelegant way to adjust to financial realities. Moreover, it is not a thoughtful way to conduct our ministries. Better, when there is a gap between our financial capacities and our aspirations, we should go back and ask at least two questions:

1. *Have we really reached our financial capacity? Or is our giving level less than optimal because there are other issues, both within and beyond our control?*
2. *What really matters? Does the expense side really reflect our values and commitments? Too often our budget making does not ask sufficiently questions about our mission.*

Good stewardship requires good financial planning, good congregational understanding of mission, and excellent relations among and between the leadership and the members.

Below Reverend Evison offers some guidance on how to close the gap between capacity and expectations. Consider his wisdom.

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### 1. **Make sure that it is not an avoidance.**

- Economic pressure operates on congregations by making visible pre-existing weaknesses. So, if a congregation has been ambivalent about money and ambivalent about asking for it directly and face-to-face, this problem could well manifest itself in a considerable deficit in a time of economic stress and thus also in the apparent need to cut the deficit.
- When the stewardship drive has come in short it may be necessary as a short term measure to trim the budget. However, it can be very destructive to do this when in the background there are issues of ambivalence about taking fully seriously the work of fund raising.
- Politically and morally, the leadership of a congregation needs to earn the right to cut the budget by first doing its own tough work of leaning in to the challenges of directly asking for money and of personally contributing financially.

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## 2. **Leaders need to lead.**

- ➔ It is never, never healthy for the finance committee to take the lead in trimming a budget. The finance committee often needs to be the bearer of the bad news about need for cuts. And, naturally the assistance of the finance committee in projecting consequences of different decisions is essential.
- ➔ The job of trimming the budget cannot be delegated away from the central leadership of the congregation.
- ➔ The process needs to be open and clear. Most usually a smaller task group should prepare a proposal. This task group needs to include both people with financial expertise and those with understanding of process.
- ➔ Those who are seen as the central leaders — usually the minister and the board chair — need to be centrally involved.

## 3. **Start with vision and mission.**

- ➔ Without good leadership the budget trimming exercise defaults to establishing a “fair” distribution of the pain or, even worse, an effort to find the places where the political pain will be felt least acutely.
- ➔ Leadership needs to keep in focus of what resources are needed to accomplish that is most basic. Budget trimming needs to be an exercise in considering what is most basic to accomplishing mission. The lead question needs to be, not “what can we do without?” but rather “what do we most need to be doing now?” Done well reconsideration of a budget should lead to some things getting more money.
- ➔ Indeed, this is a good question to ask: “has anything received more money?” if nothing has, leadership should ask themselves whether they have gone beyond the exercise of distribution of pain.
- ➔ Remember, if a congregation finds itself with a budget shortfall in the midst of an economic downturn the most logical explanation is that key supporters of the congregation are hurting. If this is so, it is a serious loss of perspective to lead with any other question than “what should our ministry be?”

## 4. **Ask yourselves what changes you should be made anyway.**

- ➔ Whenever an organization perceives a need there is always a choice about whether to reorganize present needs to meet the need or to look for new resources.
- ➔ In good times, and the past few years have been very good times for congregations, there is a natural tendency to prefer the latter — to look outward to growth in resources rather than inward to the hard questions of changing present ways of doing things.
- ➔ Are you continuing to print a paper directly when very few people still want it? If so, it is time to ask the question of whether the directory should go virtual (and a few printed for those who need them).

## 5. **When you must raise the question of personnel costs.**

- ➔ Unitarian Universalist congregations believe in investing in people. This is good. Unfortunately this means that when it comes to trimming budgets it is hard not to come quickly to the question of cutting personnel costs, first in professional expenses and raises and then reducing hours and positions.
- ➔ In heading into this exercise, it is important to keep in mind that, done badly, cutting personnel can very easily cut reason for giving and then leave the congregation with less capacity to respond positively to opportunities. Even when congregations must cut personnel costs, the unfortunate fact is that too often they are done as veiled popularity contests.
- ➔ There is no way to cut personnel costs in a congregation without it becoming personal. Yet, well done, it does not need to be mostly personal. When a congregation asks for advice in cutting personnel, I often ask for copies of all the job descriptions, including job descriptions for the key volunteer positions. I know well that current job descriptions rarely exist in a congregation. However, it is well to ask whether any congregation should begin to ask about cutting personnel before clearly considering the question of who does what and who should do what.
- ➔ Positively stated, any congregation that must go through the difficult exercise of cutting personnel should insist on also emerging from the exercise with a clarified understanding of who does what and who should do what.

## 6. **Keep in view what the congregation is to become.**

- ➔ One problem with the mission and vision statements of most congregations is that they give little concrete guidance about what the congregations should look like. Often they are worded at a level of generality that they don't even serve to inspire a thoughtful discussion of this.
- ➔ In the current circumstances this is a great weakness. There is strong indications that the kind of congregations we will want and need in the coming decade will be very different from the congregations we wanted and needed in the debt leveraged boom times.
- ➔ There is strong indication that, even when we come out of the current recession the congregations we will want and need will focus on being more sustainable, more grounded, and on doing the basics very, very well. Any trimming we do now, needs to be done with a vision for setting the stage for what the congregation needs to become

## 7. **Don't presume that this period needs to be about cutting budgets.**

- ➔ Historically, giving to congregations during periods of recession has been very strong. Good leadership must be willing, and must show itself to be willing to lead the hard things as well — like cutting budgets.
- ➔ But good leadership must not allow itself to become preoccupied by what might become necessary. Good leadership needs to model positive focus on mission and vision within a framework of openness to where the adventure will lead.