

Appropriate Budget Percentages for Church Expenses

Q: When creating a church budget, what are appropriate budget percentages for various expenses like salaries, operations, ministry programs, etc.?

A: This is a common question that arises every time a church budget is created. Unfortunately, there is no clear-cut answer. It depends on the unique circumstances of each church, and these percentages are influenced by the strategic vision of the church and socio-economic factors in and around the church.

Due to the great variety in church staffing, the age of a church's facilities, the debt that a church carries, and the ministry activities offered at a church, it is difficult to make a blanket statement concerning how much of the church's budget ought to be devoted to the various operations of the church.

One lending institution stated that in order to provide a loan to a church, they require that debt and salaries should be no more than 70% of undesignated tithes and offerings. This allows 30% for operations and ministry programs.

Other churches ascribe to the 33/33/33 model: 33% is allocated to salaries, 33% is allocated to operations/programs, and 33% is allocated to building and infrastructure.

However, this cookie-cutter approach doesn't fit all churches.

For example, an established, fully-staffed church may incur personnel costs that exceed 50% of its budget, but very little in building debt and improvements. On the other hand, a young church plant which relies upon bi-vocational pastors and volunteers to fill traditional staff positions may have a more modest portion of its budget devoted to salaries. Conversely, more of their budget may be

devoted to activities geared to outreach and introducing the church to the community.

However, there are a few ideas to consider as you develop your budget:

- Seek counsel within your network of pastors who may be in a similar sized church or face similar socio-economic factors. Even if your church doesn't fit precisely into the same model as another church, the comparison of where your church is on staffing levels, debt, facility expenses, number of individuals being served, etc., can be extremely valuable in helping you establish an appropriate budget for your church.
- Consider your mission and vision for the church. Create a budget that reflects those priorities. For example, if the church has a vision to reach young families, more funds may be allocated to developing family-friendly environments, programs and outreach opportunities.
- Consult experienced members within your church for help. Find business men and women within your church who create and execute budgets as part of their daily job. They will have expertise that will be invaluable to you.
- Lastly, the IRS requires compensation provided to ministers to be reasonable. As you create your budget and review compensation packages, one way to determine reasonableness is to consult independent compensation surveys for comparison. Richard Hammar's annual *Compensation Handbook for Church Staff* is a great resource.

The Southern Baptist Convention also publishes a compensation survey that is freely available on their [website](#).