

# A Revised Approach to Parish Budgeting

Dearest Assumption Parishioners,

For reasons that will be explained below, we are projecting a \$40,000 deficit for this year, and every year until we make a change. I am writing to explain to you why this is and what I plan to do about it.

## **Background Terminology**

A parish has both *ordinary* and *extraordinary* income. **Ordinary income** is what we can plan on, which includes what comes in from the collection baskets as well as program fees and liturgical fees (e.g. weddings and funerals). Generally, these numbers do not fluctuate significantly from year to year. **Extraordinary income** is unreliable income or income that should not be spent on ordinary parish expenses, e.g. bequests, restricted gifts, and rental income. When the parish receives these, it is a bonus, but it should not be part of our budget.

A parish also has both *ordinary* and *extraordinary* expenses. **Ordinary expenses** are normal operating expenses, such as building costs, taxes, assessments, insurance, staff salaries, and program expenses. **Extraordinary expenses** are large, one-time expenses, such as major repairs and improvements.

## **The Problem**

The problem is that our parish, like so many parishes in the Archdiocese, has gotten into the habit of budgeting *extraordinary* income for *ordinary* expenses. In order to make our budget work every year, we plan on the unplannable. Specifically, the budget approved for this year expected **\$56,000** to come in from bequests and “extra” fundraisers and **\$23,000** to come in from our rental houses (rent minus expenses and repairs). Unfortunately, none of these are reliable or guaranteed, so it is easy to miss the target and run a deficit, which we are currently projected to do by **(\$40,000)** this year.

The upshot of all of this is that **\$80,000** of our budget each year is what I would classify as “insecure” meaning that we *hope* the extraordinary income will come in but, by its very nature as extraordinary income, we cannot *plan* on it. I do expect some of this amount to materialize, just not all of it, hence the projected deficit.

## **The Solution**

Over the last few months and into the upcoming fiscal year, I have been working with staff, the Pastoral Council, and the Finance Council to do the following:

1. Make a clear distinction between ordinary and extraordinary income and ensure that our budget is based only on our ordinary income.
2. Ensure that our ordinary income projection for the fiscal year never exceeds our actual ordinary income from the previous year (i.e. never *planning* on an increase in giving).
3. Right-sizing our budget so that what our parishioners are giving limits our expenses, rather than allowing our expenses to govern our expectations of giving.

## What We Need from You

Truly, nothing except prayer. Please pray for your pastor, parish staff, and parish councils that we might be the best stewards possible of our parish resources and your generous gifts.

I am *not* asking for an increase in giving. My expectation is that all of our parishioners are currently giving a percentage of their income to their parish, and that this percentage is already at a level which is simultaneously generous and reasonable. If this is not true, and you feel like you actually could and should increase your giving percentage, please contact Karen Zuther so that we can budget accordingly. But, to reiterate, my assumption is that everyone is already giving at the level they feel is personally appropriate, and that it is now the parish's responsibility to budget accordingly.

## Additional Notes

First, as I have learned more and more about the history of our parish, I have discovered that there are still a lot of hard feelings about how our Year 2000 campaign was handled and the debt that it created. I also know that having another capital campaign that began in 2013, *and* which had to be extended until 2018 to cover the roof repairs, *and* which ran right into an Archdiocesan campaign, has been really hard on everyone. I cannot promise that under my pastorate there will not be new extraordinary expenses which may require a request for extraordinary income; but I can promise that I am trying my hardest to keep those asks *extraordinary*. I am also not a fan of bundled campaigns. If a repair or expense comes up that we need to make an extraordinary ask for, the ask will be for that item alone. Our parishioners have made it clear to me that they need a break, and I am going to try to provide it.

Second, despite the difficulty of so many extraordinary asks coming in rapid succession, I want to thank everyone again who helped the Called to Serve as Christ Campaign succeed, by making a gift or volunteering their time. We "finished" the campaign with 277 families pledging \$739,650 (65% of our parish goal). Since 15% of every dollar comes back to Assumption, this means that, if every pledge is fulfilled, we will have \$110,947 to spend on our church heating system. This is not enough for a full replacement but is hopefully enough to do the necessary work to prevent future steam leaks.

Finally, thank you to everyone, past, present, and future, who supports our parish. Worshiping Jesus Christ, and responding to his love with prayer and service, is incredibly important in every human life, and our parish is where that happens! Without the generosity of our parishioners, from 1889 until today, the people of Bellingham would be without the Eucharist and the teachings of the Apostles. I cannot imagine a world where our city did not have the Catholic faith. Thank you to everyone who gives faithfully, week in and week out. And thank you to everyone who has decided to remember our parish in their wills. You cannot imagine how thankful we are when we learn that someone has made an end-of-life bequest, and my hope going forward is that, with a right-sized budget, these bequests can be leveraged more effectively.

Part of good stewardship is transparency, so I am happy to answer any questions you might have.

*F. Moore*