

## **St Mark's Vestry's 3-Phase Budget Planning Process**

Preparation Phase, Debate Phase, Decision Phase  
Requested Budgets, Proposed Budget, Finalized Budget

### **Phase 1: August - September: Preparation Phase: Requested Budgets**

#### **1. Standing Committees create their "Requested Budgets"**

Each Standing Committee considers what needs to be spent the following fiscal year for the growth of the life and mission of the parish from the perspective of that Committee. They are to think strategically, assuming "Zero-based budgeting." In "Zero-based budgeting," the current year's budget has no bearing on the planning for the coming year. Nor is it relevant whether a Committee exceeded or under-spent its current year's budget. Nor must it spend in the any year in order to justify a plan for the following year. A Committee might spend \$1000 in Year A, \$0 in Year B, and \$10,000 in Year C.

Each Committee prepares its proposed spending plan in August, and submits that plan to the Finance committee at the September Vestry Meeting. The Finance committee consolidates each proposal into a first draft "Requested Budget" from the Standing Committees, and distributes it to the Vestry at the October Vestry meeting. There is no discussion of the "Requested Budget" at this time.

#### **2. Finance Committee creates an "Expected Income Statement"**

The finance committee (especially the treasurer) prepares two reports for distribution no later than September 30 in preparation for the October Vestry meeting:

- (1) "Current Income & Income Patterns" report, and
- (2) "Projection of Income through End of Year" report.

### **Phase 2: October: Debate Phase: From Requested Budgets to Proposed Budget**

At the October meeting, the Vestry discusses, debates, and discovers its level of confidence about what it anticipates for the coming year's probable income. That discovery will be based on (1) the treasurer's reports about income and patterns, and (2) a consideration of parish morale, financial climate, and other factors. It is largely the Vestry's best guess about the future, and becomes the limit of the Vestry's planned expenditures for the following year.

Next, the Vestry considers and debates "Requested Budgets" from Standing Committees. It considers the strategic merits of the requests, the gap between desire and expectation, flexible and inflexible requests, and strategic planning. The Vestry may engage in some negotiation if there is time and may request additional work from any or all Standing Committees.

The Finance Committee collects all the information gained by the end of the meeting, to begin work on the "Proposed Budget" for distribution by October 30 in preparation for the November Vestry meeting:

### **Phase 3: November: Decision Phase: From Proposed Budget to Finalized Budget**

At the November meeting, the Vestry discusses, debates, and possibly amends the “Proposed Budget” from the Finance Committee. The Vestry calls the question no later than 8:50 pm, and passes the “Finalized Budget.” (If, unexpectedly, the Vestry cannot reach consensus, it tables the budget.)

#### **Budget Planning Calendar:**

August: Standing Committees prepare their “Requested Budgets”

September Vestry Meeting: Vestry receives “Requested Budgets” from Standing Committees

September 30: Vestry receives “Expected Income Statement” from Finance Committee

October Vestry Meeting: Vestry debates, amends/accepts “Expected Income Statement”

October Vestry Meeting: Vestry debates “Requested Budgets”

October 30: Vestry receives “Proposed Budget” from Finance Committee

November Vestry Meeting: Vestry debates, amends/accepts “Proposed Budget” – passing a “Finalized Budget”