

## **Financial and Administrative Considerations for Pastors**

### **From the Office of Finance**

### **Archdiocese of Washington**

#### **Budget**

- Re-check underlying assumptions and data used in the budget. E.g., be sure to utilize up to date religious stipend scale and benefit rates.
- Consider all cost saving alternatives mentioned below and prepare an achievable, balanced budget.

#### **Strategic plan**

- Re-visit the strategic plan for the parish and the school to be familiar with the key objectives and the resources they require
- Consider whether the historically offered programs of the parish are still appropriate given the current parishioner composition, level of parish resources, outlook for the parish financial condition, etc
- Where helpful, refine the focus for areas of discretionary spending. For example, in the social concerns area, be specific about the priorities for the program, e.g. international vs. domestic support, basic needs such as food vs. other support. Communicate refined focus areas to parish and school staff.
- Consider what programs and ministries should be added or enhanced to spiritually support parishioners through the difficult economic times.
- Consider aspects of the strategic plan that can or should be deferred to a more prosperous time
- Identify aspects of the strategic plan that could be accelerated to increase the earning potential of the parish, e.g., facility improvements that would increase rental income or school improvements that would increase enrollment.

#### **Financial oversight**

- Analyze parish offertory by week and month throughout the year. Compare the current period to the prior period as well as the same period last year. Look for trends and indications of significant declines in offertory income.
- Have a contingency plan on paper in the event that offertory income declines to a pre-determined level. E.g., identify programs that will be reduced, etc.
- Maintain and enhance relationships with large donors to the parish and school. Explore ways to increase donations to the church through wills and estates.
- Ensure that each part of the strategic plan has an accountable staff member. Ensure that the staff members understand their responsibility for managing to the budget for their area. Set routine opportunities to meet with staff to understand expected variations from the budget before they occur.
- Emphasize the principle of efficiency, whereby the total cost (considered in terms of economics, educational, social, human, community, etc.) associated with parish and school programs does not exceed the total benefit.
- Consider establishing a mantra, or theme for the parish staff around the prudent use of parish resources, e.g., 'spend the parish money like it was your own'.

## **Communications**

- Be transparent with the parishioners about the parish financial condition
- Be approachable and encourage parishioners with concerns to contact you or the Finance Council
- Consider ways in which technology can be used to lower the cost of communicating with the staff, parishioners and school parents. E.g., utilize e-mail to parents vs. hard copy handouts sent home with students.
- Consider how formal (i.e., fancy and expensive) communications need to be with existing parishioners and school families vs. prospective school families.

## **Cash flow management**

- Keep parish money in interest-bearing accounts as long as possible. Utilize overnight sweep accounts to maximize the interest earnings. Ensure that bank fees don't exceed interest income.
- Schedule vendor bills for payment as close to the due date as possible, unless a discount is available for early payment
- Ensure timely payment of bills for which the parish is legally or contractually bound to pay interest and penalties if the vendor is paid late, e.g., Federal and state tax payments, credit card bills, installment loans, etc.
- If the parish does incur a fine or penalty for late bill payment, request a waiver or refund from the vendor. It never hurts to ask, e.g., some credit card companies will waive late fees up to two times in each 12 month period.
- If the parish utilizes credit cards, be sure the card does not charge an annual fee.

## **Investments**

- Explore CD market 30 days prior to maturity of CD's. Shop nationally for the best rates for CD's about to mature and roll over. (Banks are normally allowed to roll funds into comparable new term CDs without client notice)
- Always monitor the checking/savings/money market rates of competitor financial institutions
- Understand the small print of "teaser rates"
- Investigate brokerage, investment and mutual fund fees
- Understand the underlying risk/reward of all investments
- Be mindful of FDIC insurance; the \$250k per financial institution is not guaranteed for 2010.
- Understand the financial status of the underlying institution, Speak with ADW cash/investment analyst for guidance

## **Personnel**

- Evaluate the current staffing levels against the strategic plan. Identify possible redundancies in staffing or positions that are no longer required for programs that will be reduced or eliminated.
- Before deciding to layoff staff, consider the following ways in which personnel costs might be reduced:
  - Don't back fill vacant positions
  - Reduce hours worked for employees paid hourly
  - Freeze existing salaries and pay raises
  - Ask staff to take unpaid furloughs. Could be done on the same day to enable the parish to shut down the facility (heat, lights, etc.) Could be done around a weekend or holiday to mitigate morale impact to staff.

- Shift staff around. Move staff from jobs slated for downsizing to open positions. Cross-train staff to increase their utility to the parish.
- Use job sharing with two part-time employees vs. a full time position with benefits.
- Lend staff out to other parishes to share staff capacity and recover a portion of their cost.
- Restrict overtime worked
- Utilize non-financial means of recognizing and rewarding staff for good performance, e.g., employee of the month, up front parking spot, etc.
- Consider which staff truly require conferences and professional seminars for their development and advancement. Defer spending in these areas for other staff.
- Before hiring external consultants or other service providers, consider whether the needed skill set may exist among the parishioner community or school families. Ask for referrals from the Parish Council, Finance Council, School Board, etc. Make specific requests of parishioners for a contribution of their time and talent.

### **Facilities**

- Consider ways to reduce utility costs, e.g., turning down the heat, turning off lights when rooms aren't in use, etc. Simple, but effective.
- Utilize new low energy light bulbs
- Reduce or stop the use of personal heaters and fans which are a large drain on the electricity and interfere with the effective heating and cooling by building systems.
- Institute new controls over purchasing. Ensure that staff utilize supplies on hand before ordering new supplies. Consider means to share supplies inventory between the parish and school.
- Reduce or eliminate the practice of reimbursing staff and volunteers for purchases made on behalf of the parish/school. Require purchasing to be centralized with an accountable staff person to enable proper control over money spent.
- Examine utility bills to ensure that the various different fees and charges are reasonable and relate to services utilized by the parish. Consider the necessity of all services used, e.g., miscellaneous additional telephone services.
- Ensure facilities are properly weatherized to reduce loss of heat and air conditioning. Examine the weather stripping around outside doors and replace as needed. Consider replacing old single glass windows with new vinyl replacement windows.
- Ensure that small, high value assets of the parish, e.g., computers and other electronic devices are properly safeguarded against theft and misuse.
- Identify furniture and equipment that is no longer being used by the parish or school. Consider selling the furniture to generate cash for parish operations.
- Keep up maintenance on equipment to delay the need for replacement. When faced with significant maintenance costs, consider the expected benefit over the remaining useful life of the equipment. Consider whether replacing the equipment may be less expensive in the long term.
- Determine what recurring expenses are absolutely necessary for the care and maintenance of the facility vs. a visually pleasing appearance, e.g., how much landscaping, how much housekeeping, etc. Request volunteers or donations for levels of work above the absolute necessity.
- Consider setting guidelines for when and why color printing and copying is necessary for parish and school purposes. Consider using black and white printing vs. color which is more expensive.
- Consider possible uses of the school facility during summer break to generate rental income.