

## **Helpful Hints to Justify Your Program Budget**

A solid budget is an essential ingredient for winning approval from “the powers above” for your special programs (often translated in churches and ministries to mean “fee based” activities). Whether you are planning for a short-term missions trip, youth outreach program, annual retreat, or trying to justify migrating to a new software platform for managing your database and accounting needs, most people understand the principle that the budget must be reasonable (e.g. appropriate to support the proposed work) and that it must add up (and across and down). But even a reasonable, accurate budget can fail to be approved if it doesn’t sync up very closely with the presentation narrative.

To definitively link the narrative and the budget, include a written budget justification with your proposal. [By the time decision makers get around to review the budget, they might have forgotten important program details or you may find the presentation left in the hands of individuals not fully vested in or familiar with the need]. A narrative justification is the best vehicle for explaining how each expense fits into the program and how you calculated the numbers.

To construct a powerful budget justification consider the following recommendations:

1. Divide the budget into line-items around significant categories (personnel, supplies, facilities, etc.) and number each line item within each category (just like you might do in putting together your annual operating budget). When preparing the justification, number each item to sync with the line-item budget. This bit of housekeeping will make it easier for the reviewer(s) to track with you and follow your train of thought.
2. The line-item budget must show the full picture of the funds that will be needed to support the request. Identify each source of revenue and the amounts needed, including requested grant funds, user fees, scholarships, in-kind resources, (and perhaps “subsidies from the operations budget?”), etc., that will support the program. For programs highly dependent on user fees, show your calculations and demonstrate how you arrived at your numbers. (A budget based on 100 participants paying \$100 each is not likely to fly if historically you have averaged less than 50 participants. Likewise, asking a single parent of two highschoolers to pay twice as much as the parent of one may seem logical. But what is the probability that they can or will?) Be sure the justification also addresses items that will be covered by scholarships, additional cash and/or in-kind support. Without this information, reviewers won’t have a full picture the program costs and whether the amounts calculated are realistic.
3. When justifying each line item, include the following: Number and name of line item (i.e., (1) Director); a breakdown of how the expense was calculated (i.e., 10% of FTE at

salary of \$65,000 = \$6,500); an explanation telling the reader how the line item fits into the program plan and why the expense is necessary.

Preparing a thorough budget justification can be tedious, but when properly prepared it will give a huge boost to your chances of gaining approval. And if special donations will be involved. Take the time to thoroughly explain how the donor's investment will be used and be expected to pay off (e.g. what you hope to achieve).

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