IN TRUST CENTER for THEOLOGICAL SCHOOLS

IN TRUST CENTER RESOURCE

ESSENTIAL 4: Vigilance for mission and economic vitality

Balanced budgets and fundraising goals

SUMMARY

Here's a fact of institutional life that board members do well to remember: Budget building is always a temptation-riddled exercise; even more so when finances are tight. It's not that finance committees or others intended to mislead, but desperation can take even the most grounded leaders to new heights of rationalization.

While a board's trust in the administration's ability to balance a budget is valuable, it should be paired with a willingness to ask tough questions about and test assumptions behind the numbers presented to them. The ATS Standards for Accreditation require this level of oversight by governing boards (see Standard 10.3). Specifically, when related to the budget line for gifts and grants, the board must be vigilant to inflated expectations of what the institution can realistically achieve. "Gap budgeting" might give the board and administration some breathing room, but there's no outrunning the proverbial piper.

DISCUSSION QUESTIONS

Wise stewards don't wait for the bills to come due. They act early in the budget cycle to get things right, beginning with the following four questions:

1. **What's the potential within the school's existing donor base for increased giving?** There's nothing gained and potentially much at stake by pulling a fundraising goal from thin air. A real-time, data-driven understanding of the donor base using key indicators such as demographics, giving patterns, and retention patterns, is the surest protection against too great (and occasionally, too low) expectations of what generous friends of the school can/will do. (Investigative)

2. **What can we learn by tracking philanthropic trendlines within the wider environment?** Trendlines aren't prophetic, nor are the impacts of distributed evenly among theological schools. Nonetheless, wise boards track, discuss, and respond proactively to what's happening in the wider environment. Just in case. Board members' contribution as trendspotters help protect the institution against what prognosticators refer to as "known unknowns." (Speculative)

3. **Is the development team staffed to meet the goals handed to them?** Fundraising is one of those "sow sparingly, reap sparingly" situations. It costs money to raise money, and much of the money goes to salaries and these days, technology. There's a well-documented connection between dollars committed to the development program and dollars raised. If budget builders are reluctant to increase funding for the development office, fundraising goals should be adjusted accordingly. (Interpretive)

4. **Are members of the board willing and ready to assist in achieving fundraising goals?** This question can push some board folk to the edge of their comfort zones. However, once made aware of the many ways available to board members willing to help in attracting friends and funds – opening doors, saying thank you, telling their stories of commitment to the cause, hosting events, and more – board members report finding joy in the work. (Subjective)

A CONCLUDING THOUGHT

Wise steward boards recognize the power of asking deep, sometimes uncomfortable questions at all phases of the annual budgeting process, including when discussing goals for gifts and grants. Curiosity fuels good governance, which in turn encourages board members toward deeper engagement with the school and its mission. Board members in these places are first in line with their generous gifts, and they are more likely to be involved in inviting others to support the school.

No one's likely to question all that.

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