

BUDGETING

AS THEOLOGICAL REFLECTION

True Stewardship of Resources Requires Realism, Generosity of Spirit, and Commitment to the Common Good

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In a Catholic health care organization, the most pervasive theological reflection takes place during annual budgeting. Each of the institution's departments asks itself: "What is our mission?" "What can and ought we do to further that mission?" But the departments must also inquire, "What resources do we possess to attain this goal?" Done well, this process can deepen the organization's commitment to the healing ministry, and, at the same time intensify both individual and institutional awareness of the shared responsibility to steward resources. Thoughtful processes—as described elsewhere in this issue by Michael Rowe (see p. 17)—provide an opportunity for an organization to align budgeting, planning, and mission analysis.

In this article, I would like to suggest a framework upon which to conduct such a process. The article attempts to explicate the concept of stewardship of resources and clarify why pitting mission against margin is a false dichotomy—one that does not serve the ministry. It examines the church's traditional regard of the common good as a countercultural commitment in contemporary American society. It proposes that organizations build social accountability into both the budgeting and the planning processes. And, finally, it offers a model of ethical decision making that assists this reflection.

THE CATHOLIC WORLDVIEW

Is it presumptuous to declare budgeting, among the most tangible and mundane of processes, a theological reflection? Not if one understands the essence of theological reflection. It is a process of prayerful deliberation through which individuals or groups arrive at convictions and decisions in light of their beliefs, histories and traditions, and the particular situations they happen to find themselves in. While engaging in the budgeting

process, the organization states its mission; takes stock of its fiscal, human, and community resources; and makes straightforward and difficult decisions in light of these two realities.

Stewardship of resources stands as one of Catholic health care's core commitments. It is expressed in *A Shared Statement of Identity for the Catholic Health Ministry* in these words: "Because all creation is a gift from a gracious and loving God, Catholic health care is called to use all resources responsibly, and to recognize that material things and human capacities are resources for the benefit of the community and not solely personal or organizational possessions."¹

Traditionally, a steward is one who is responsible for the sustenance of the household. He or she recognizes that entrusted riches exist to serve the community and may not be used at his or her discretion to satisfy his or her personal whim. Contemporary health care leaders assume responsibility for the management of the ministry given us by God and sustained by the women and men who have gone before us. As St. Paul reminds us, "People must think of us as Christ's servants, stewards entrusted with the mysteries of God" (1 Cor 4:1). Stewardship of resources is more a way of life than a single action. Lived well, it expresses itself in daily choices and actions. It is not something to be taken out, dusted off, and exercised once or twice a year.

Some commentators on not-for-profit health care repeat the hackneyed phrase: "Without a margin, there can be no mission." Others maintain that this concept puts the cart before the horse, creating a dichotomy between the two. If so, this is a false dichotomy. This view ascribes to mission qualities that are sacred, altruistic, worthy, and aimed at transparently good ends; margin it characterizes as secular, self-interested, unworthy, and worldly. But such views are reduc-

tionist and do no service to the complexity of mission in today's marketplace. There is nothing in Catholic theology stating that money is intrinsically evil and to be avoided at all costs. Nor is there anything that says an individual or an organization must amass great wealth as a prerequisite for entrance into heaven.

Instead, the Catholic worldview sees money as an instrumental good, as, that is, a good meant to be used for the sake of the community. In *The Catholic Ethic and the Spirit of Community*, John Tropman, a University of Michigan professor, contrasts the Catholic worldview with our society's dominant cultural view.²

The prevailing cultural view puts emphasis on the individual and his or her achievement. It is no accident that for Americans the dominant metaphor is the cowboy, riding off alone, into the sunset. We value private ownership; in fact, many see wealth as a sign of God's blessing. The self is number one, and a person may treat him- or herself as a kind of commodity to be used for the purpose of personal advancement or accrual. In contrast, the Catholic worldview, grounded in early apostolic communities and sustained in religious communities through the ages, stresses the community over the individual and values sharing goods in common, working together for the common good. In comparison to the dominant cultural perspective, the Catholic worldview holds wealth as suspect and uses power and influence for the good of the community, particularly the poor and vulnerable.

A MINISTRY AND A BUSINESS

Tropman cautions his readers that it would be simplistic to assume that all Catholics subscribe to this worldview, or that those who are not Catholic do not also embrace an altruistic and other-centered outlook. But those who have lived and worked in a Catholic social milieu will recognize its emphasis on the common good and the value it places on a more communitarian approach to ministry and business.

Because Catholic health care is both a ministry and a business, it continually deals with a hierarchy of goods. It must often choose one good and reject another. For example, the theologians Helen J. Alford and Michael J. Naughton argue that certain ordinary goods are pursued through



business activity.³ These, which they describe as "foundational goods" (profits, capital, and technology), are those without which no contemporary business can function. But, Alford and Naughton carefully note, organizations—certainly including mission-based systems and institutions—also pursue what the two term "excellent goods," such as human development and service to the

community. Alford and Naughton argue that while business is itself not responsible for the common good, it is, like all communities, responsible to the common good. A Catholic not-for-profit ministry is responsible both for *and* to the common good.

How does what some people might characterize as an "idealistic worldview" play out in the objective realism of finance and budgeting? It demands openness in sharing financial information, social accountability for the organization's actions, the integration of mission and finance in strategic planning, and—last but certainly not least—ethical reflection, analysis, and decision making.

In this post-Enron era, health care administrators are not permitted to use "mushroom tactics" in their financial dealings. Stakeholders, unlike the delicious fungus for which the practice is named, should not be kept in the dark. Nor should one try to bury financial facts under shredded paper or creative accounting. Leaders must strive for openness and transparency, sharing as much financial information as possible with those who work with and for them. Such an approach fosters stewardship and responsibility and, at the same time, encourages the creativity needed by everyone who tries to work resourcefully within the narrow parameters constraining health care today.

BUDGETING AND COMMUNITY BENEFIT

A vital step in the budgeting process occurs when an organization counts its assets, balancing them against the inevitable liabilities that business entities must always face. The problem is that accounting firms—and often even the organization's own financial officers—don't recognize (or understand how to calculate) the intangibles upon which any true ministry must rest.

Does one, when speaking of assets, mean only financial assets—money in the bank? Obviously,

organizations count their physical assets: property, bricks and mortar, major equipment. But how many organizations consciously measure employee assets, community assets, customer assets, or brand-name recognition and respect.⁴ Catholic health care is in the relationship business, and all of these intangible—but nonetheless real—assets count when one is engaging in the budgeting reflection process. Although these intangibles might not appear on Excel spreadsheets, they clearly belong in the decision-making equation that should be a part of any mission-based financial planning process.

In the past 10 years Catholic health care organizations have, through social accountability tools, distinguished themselves at monitoring, enumerating, and reporting the contributions they make to society. Sometimes this is done to ensure and retain tax-exempt status. However, a faith-based organization that follows the mission of Jesus Christ is not satisfied with preserving its tax status. CHA provides rich and practical resources to assist organizations establish and maintain authentic social accountability programs.⁵ The association argues that offering community benefits merely as largesse falls far short of the Christian commitment to radical healing and relationships, to building just and inclusive communities. Therefore, the association asserts, community benefit planning and social accountability must be integrated into the strategic planning and budgeting process. CHA's *Social Accountability Budget: A Process for Planning and Reporting Community Service in a Time of Fiscal Constraint* builds on the teaching of Pope John Paul II, who reminds us that "part of the teaching and most ancient practice of the church is her conviction that she is obliged by her vocation—she herself, her ministers and each of her members—to relieve the misery of the suffering, both near and far, not only out of her 'abundance' but also out of her 'necessities.'"⁶

CHA's guidelines call on institutions to, first, assess community needs and assets. This activity is, of course, an ongoing endeavor, requiring considerable education and conversation and collaboration with the local community. Prioritizing needs in order to put forth specific services also involves collaboration as well as further discernment. Next, the CHA plan suggests, the institution should, by building community needs and the needs of the poor into strategic and operational plans, integrate awareness of community needs in its own structure; being aware of and trying to meet such needs is part of the mission of Catholic health care. Building community needs

and assets into day-to-day decision making can itself improve the well-being of vulnerable populations. Establishing a planning and budgeting process based on a community needs assessment that posits four concrete components—initiatives to be undertaken, a timeline, expected outcomes, and specific financing—further integrates community benefits into the fabric of the organization. Such a process recognizes that any mission-driven organization has both economic and noneconomic goals. And it knows how to put the former at the service of the latter.

REALISM AND GENEROSITY

Budgeting as theological reflection demands a process that is clear and fairly simple. Such a process must assist the organization's leaders as they weigh values and goods, ultimately giving priority to the good that happens to have the greater value at that particular time in history. A simple ethical decision-making process urges the people involved to:

- Gather the facts
- Identify the stakeholders
- Articulate the operative values or principles
- *Weigh the options
- Arrive at a decision
- Articulate the decision, explaining the process that produced it
- Evaluate the decision

Some questions may assist this process. They include the following:

- Given our charism and stated values, which decision best fits our mission?
- Given our charism and stated values, is any option clearly out of the question for us?
- Whose voices are not being heard as we engage in this decision-making process?
- How will this proposal affect our intangible assets?
- How will this proposal further the mission of Catholic health care?

Approaching the annual financial budgeting process as a theological reflection on the organization's mission enables chief financial officers, chief executive officers, and senior management teams to situate the process solidly within the context of the organization's spirit. It can engage people across the continuum in reflection on and discussion of what is essential to their ministry. Such a process, when done well, fosters responsibility and accountability for the resources that are, after all, a gift from a beneficent God. This is true stewardship, engendering realism along with gratitude and encouraging generosity of spirit and a sense of the common good. □

NOTES

1. Catholic Health Association, *A Shared Statement of Identity for the Catholic Health Ministry*, St. Louis, 2001, p. 4.
2. John Tropman, *The Catholic Ethic and the Spirit of Community*, Georgetown University Press, Washington, DC, 2002. The author contrasts what he sees as the "Catholic worldview" with the "Protestant work ethic" described by the 19th-century German philosopher Max Weber. The latter, pervasive as it has been throughout U.S. history, is for Tropman the dominant cultural view.
3. Helen J. Alford and Michael J. Naughton, *Managing as If Faith Mattered: Christian Social Principles in the Modern Organization*, University of Notre Dame Press, Notre Dame, IN, 2001, pp. 40-41.
4. See *Leadership for a Healthy 21st Century: Creating Value through Relationships*, Arthur Andersen, Chicago, 1999. Brian Wong, MD, Andersen's former director of client services, helped develop this document, which many leaders of Catholic health care organizations welcomed and used precisely because it recognized the existence of intangible assets.
5. See, for example, *Community Benefit Program: A Revised Resource for Social Accountability*, Catholic Health Association, St. Louis, 2001. An earlier document, *Social Accountability Budget: A Process for Planning and Reporting Community Service in a Time of Fiscal Constraint* (Catholic Health Association, St. Louis, 1989), also provided guidelines for a community-based assessment of needs, the planning and delivery of unreimbursed community services, and the enumerating and reporting of these services.
6. Pope John Paul II, *Sollicitudo Rei Socialis*, 1987, para. 31.

BUDGETING AS THEOLOGICAL REFLECTION

BALANCING ACT

Conscientious Budgeting Helps an Organization Carry Its Heritage into the Future

Chief financial officers (CFOs), along with their associates in the finance functions of Catholic health care ministries, are often viewed as wearing the mantle of the ultimate stewards of the wealth of the ministry. They carry a presumed bias to favor preservation of wealth and resources over and above other core values, such as charity and response to need.

Perhaps this characterization is unfair, perhaps not. But it is not only just but appropriate—and vital to the carrying out of mission—that an organization's CFO fill the role of protagonist for financial discipline, thereby setting an example and a standard for others to observe. It is equally vital that, if an organization is to achieve its goals, its CFO (and those who work with him or her) understand the balance needed in all other aspects of its values and mission.

The reality is that the values of Catholic health care providers are in constant conflict and therefore not easy to evaluate. For example, even the value of stewardship carries multiple meanings. At times, a conscientious CFO might argue that good stewardship requires increasing the compensation of critical clinical staff members, in

order to maintain employee satisfaction and minimize costly turnover. At other times, the CFO might say that good stewardship requires preserving those resources for the future. Both viewpoints are correct. The most obvious conflict is that which arises between saving for the future, on one hand, and pure charity initiatives, on the other—a conflict in which the goal of the ministry is embodied in the one and the survival of the ministry in the other.

People save, plan, and accumulate money for their own retirements; but because we can never know the day of our own demise, we can never plan well enough for that eventuality. Those of us who work in Catholic health care know even less about the future of our ministry than we do about our own. However, we plan on the assumption that the ministry will last forever, recognizing, as we do our planning, both the heritage that brought the organization to this present and the future into which it moves.

BETWEEN HERITAGE AND FUTURE

Maintaining this balance between heritage and future becomes the responsibility of everyone

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