

2019-2020 Budget Discussion for Annual Meeting

May 23, 2019

Context

We should all acknowledge that almost all Unitarian Universalist congregations are in the midst of challenging times, with diminishing membership and difficult budget choices, and UUCF continues to face those same challenges. We often talk about our membership, but the most relevant number for this discussion is what we call pledge units: the total number of individuals, couples and families (whether members or pledging friends) that pledge to support UUCF each year. That number has fallen from a 2012 peak of 494 to 447 in the most recent monthly report. The simple math is this: either many people have to give more or the budget has to be cut. When our minister and board president recently emailed this very statement, only nine people increased their pledges, so there is no alternative but to cut the budget.

Over the past several years, budget cuts have included reducing overall expenses, reducing program support, reducing the dues paid to the Unitarian Universalist Association (UUA), staff furloughs, eliminating staff positions and eliminating funding for our reserve funds. Some cuts have been avoided in the past due to an incredibly generous bequest from one of our longtime members Stan Richards.

We won't take this opportunity to plug including UUCF in your estate plans, but if you were to ask us where to find the bequest form, we would be forced to tell you it is available at uucf.org/donate/endowment.

Budget Process

The first step in preparing the budget is estimating the expenses for the coming year as if all programs and staffing remain exactly the same, while taking into account any estimates of increased costs. Then possible cuts are explored, and that budget is discussed between the Coordinating Team (CT) and the Board of Directors. Once the income is projected toward the end of the Annual Giving Campaign, the expenses are again analyzed, and tough choices are proposed by the CT and voted on by the board.

Income Projections

The current 2018-19 budget was based on an estimated pledge total of **\$930,000**.

The 2019-20 Annual Campaign saw the following pledge numbers:

- 161 Pledge increases \$430,048 total \$62,270 increase vs. 2018-19
- 137 Pledge same \$275,490
- 52 Pledge decreases \$94,760 <\$43,240>
- 22 New pledges \$17,206 \$17,206
- 54 "Assumed Pledges"* \$74,780
- 41 Lost Pledges \$55,038 <

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The 2019-20 estimated pledge total is \$891,452 (see note #1 in the attached budget). All pledges are estimated since they are promises, but the budget process always includes "assumed pledges" from people who have not responded to emails or phone calls so are included as pledging at the same level as previous years. We also need to include a number of estimated pledge defaults (see budget note #2).

This \$38,548 (4%) reduction from the current year to next year will be the lowest pledge rate and annual budget in the last 10 years.

The income projections on the attached budget also include two items that should be mentioned separately:

- **Total rental income of \$137,584**, an increase of \$13,115 (10%), mostly from the Montessori School and the Compass Home School Program (see budget note #3).
- **A \$29,939 reimbursement from the Reach Capital Campaign funds** that were set aside for social justice (a separate proposal to be voted on by the congregation at the meeting) for the salary and benefits of a new social justice coordinator, as suggested by the Social Justice Council (see budget note #6).
- **A \$2,000 reimbursement from the music fund** (one of the custodial accounts) to cover wages for the children's choir director. *This position was cut from the budget, but the music director elected to fund it through this alternative method. She is essentially choosing to keep this part of the music program instead of something else. The board explicitly supports her right to make this decision (see budget note #7).*

Reduced Expenses

The new, lower level of income forced the CT to abandon plans to include these items in the budget:

- Staff pay increases, since there have been no increases for the past 6 years. (The only employees who received any pay increases are those whose duties have changed significantly.)
- Resume contributions to the capital and operating reserve funds. This will be the fourth year in a row that no contributions have been made to the reserves.

The Coordinating Team considered and discussed with the board multiple suggestions for cutting the budget, including the following, which were debated but ultimately not adopted:

- A 1-week furlough for all employees to include a corresponding weekend campus closure.
- A 1-5% pay reduction for all employees.
- Reduction of hours from all hourly employees.

The CT and the board jointly decided to make the following reductions, which result in the balanced budget presented:

- **\$3,780 net reduction to programs**, including a \$4,000 cut to social justice funding (and somewhat offset by some minor increases) (see budget notes #8, 9, 10).

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- **\$11,500 net reduction in the program administration budget**, \$10,000 of which is the reduction in our payment of dues to the UUA. This reduces our payment to the UUA from the current one-half of the “Fair Share” amount to one-third (see budget note #11).
- **\$12,000 saved by not hiring a summer minister nor a ministerial intern.**
- **\$7,438 in reduced reimbursements to staff who are covered by a health insurance other than the UUA insurance.**
- **\$5,000 in reductions to professional expense allotments of salaried employees.**

Other Expense Discussion

Some expenses went up a little and down a little and require a little more detail, such as:

1. **An increase in total personnel expenses of \$6,972.33** from last year’s budget (\$873,277.49) to this one (\$880,249.82). However, \$31,939 of this year’s line item is being reimbursed (by the music fund and the Reach funds as explained above). If that were separated out, the total personnel line item would be shown as reduced by \$24,966.67. *Some of the personnel cuts discussed above are slightly offset due to the reorganization this year where the positions of director of administration, bookkeeper and events manager were realigned into finance manager and operations manager. In addition, the position of custodian is currently unfilled, and the approximate \$10,000 savings is included in total personnel costs, but is unfortunately more than offset by an increase in the next item.*
2. **Building and grounds costs will increase by \$20,658** between last year (\$69,900) and this budget (\$90,558). See budget note #13. Significant changes:
 - a. **\$25,400** increase for janitorial services due to death of our custodian (partially offset above).
 - b. **\$2,750** increase is a correction for budgeted costs for utilities and trash collection.
 - c. **\$1,000** increase for rental maintenance (new line item).
 - d. **\$7,000** decrease for not renewing a service contract.
 - e. **\$2,500** decrease in repair and maintenance expenses.
3. **The net reduction in the office administration budget line is \$1,150**, which resulted from the difference between decreased outside accounting costs and increased legal expenses (related to the filing of our application for 501(c)(3) status and a continuing easement disagreement).

As always, the treasurer will present the budget and take your questions at the annual meeting before the vote to approve the attached budget.

UUCF Budget - 2018-2019									
Draft - May 21, 2019									
		2017-2018	2018-2019	2019-2020					
		Approved Budget	Approved Budget	Projected Budget	Notes	prior year \$ change	prior year % change		
Income									
Pledges									
Operating Pledges		900,000.00	930,000.00	891,452.00	#1	(38,548.0)	-4.14%		
Current Fiscal Yr-Non Pledged		20,000.00	20,000.00	20,000.00					
New Pledges		7,000.00	6,000.00	4,000.00					
Pledge Default		(36,000.00)	(37,200.00)	(26,743.56)	#2				
Contrib. over Pledged Amount		14,000.00	-						
Total Operating Pledges and Donations		905,000.00	918,800.00	888,708.44		(30,091.56)	-3.28%		
Plate Collections		14,000.00	14,000.00	14,000.00					-
Auction Income		45,000.00	45,000.00	45,000.00					
Rental Income									
Montessori School		43,368.15	44,669.19	48,384.00					
Other Rentals		65,000.00	70,000.00	79,300.00					
Mindfulness Center		10,250.00	9,800.00	9,900.00					
Total Rental Income		118,618.15	124,469.19	137,584.00	#3	13,114.81	10.54%		
Other Income									
RE fees		10,000.00	7,000.00	4,000.00	#4				
Misc. Other Income and Gains		6,000.00	5,000.00	3,000.00	#5				
Amazon Income		3,000.00	2,500.00	1,100.00	#5				
Reach campaign				29,939.00	#6				
Music Fund				2,000.00	#7				
Total Other Income		19,000.00	14,500.00	40,039.00		25,539.00	176.13%		
Total Operating Income		1,101,618.15	1,116,769.19	1,125,331.44		8,562.3	0.77%		
Expense									
Operating Expenses									
Programs									
Lay Ministry-Caring & Wellness		300.00	300.00	300.00					
Fellowship		3,000.00	3,000.00	2,750.00	#8				
Membership and Outreach		2,250.00	1,850.00	1,700.00	#8				
Education		12,550.00	9,250.00	9,320.00					
Social Justice		11,000.00	9,000.00	5,000.00	#9				
Worship and Arts		12,250.00	11,300.00	11,850.00	#10				
Total Programs		41,350.00	34,700.00	30,920.00		(3,780.00)	-10.89%		
Programs Administration									
Board		1,750.00	1,025.00	1,025.00					
Coordinating Team		4,000.00	2,500.00	2,000.00					
Denominational Affairs		30,404.00	31,000.00	20,000.00	#11				
Total Programs Administration		36,154.00	34,525.00	23,025.00		(11,500.00)	-33.31%		
Stewardship									
Total Annual Giving Campaign		3,000.00	3,000.00	2,000.00					
Archives		100.00	100.00						
PSC Projects		500.00	500.00						
Total Stewardship		3,600.00	3,600.00	2,000.00	#8	(1,600.00)	-44.44%		
Personnel									
Senior Minister		167,455.00	180,061.00	178,649.44					
Other Personnel		679,730.42	693,216.49	701,600.38					
Total Personnel		847,185.42	873,277.49	880,249.82	#12	6,972.33			
Total Buildings and Grounds		75,800.00	69,900.00	90,558.00	#13	20,658.00	29.55%		
Total Office Administration		50,300.00	52,630.00	51,480.00		(1,150.00)	-2.19%		
90000 - Operating Reserve		-							
91900 - Capital Reserve		-	1,000.00	-					
95000 - Debt Service		47,100.00	47,100.00	47,100.00					
Total 50000 - Operating Expenses		1,101,489.42	1,116,732.49	1,125,332.82		8,600.33	0.77%		
Net Income		128.73	36.70	(1.38)					
Notes:									
1 Pledge income based on actual pledges received & some projection		8 Reduced based on actual spending in the last 2 years							
2 Pledge default budgeted at 3% based on last 2 years' experience		9 Reduced due to availability of Reach funds for social justice							
3 Increased due to new lease negotiations		10 A small budget added for Friday night and other services							
4 Reduction due to not charging RE fees, donations and OWL fees		11 UUA Fair Share dues budgeted at 33%							
5 Reduced to reflect actual receipts from prior years		12 See the budget explanation							
6 To reimburse social justice coordinator position		13 Increased due to new account line - janitorial services							
7 Partial grant to help pay for the children's choir director position									