

Budget Narrative

Fiscal Year 2021-22

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Core Values and Approach

Here we go again—heading into a fiscal year with significant uncertainty and a need for flexibility and contingency plans. Surely we're good at this by now!

And indeed, UUCA has shown enormous flexibility, creativity, and resilience as we have navigated the pandemic, including the current fiscal year. As we plan for fiscal year 2021-22 (beginning on July 1, 2021), we are bringing those skills to bear in creating a budget that incorporates best guesses, a vision for the future, and a grounding in the reality of the present. This budget anticipates a partial reopening of in-person indoor activities, with multi-platform virtual engagement options, starting in September.

You will see that we are proposing a budget with a significant deficit—one about equal to the yearly cost of our mortgage (principal plus interest) of \$200,000. We have budgeted to resolve that deficit with a draw from our endowment, which as of May 1 holds funds around \$876,000. This is the third year of the plan approved by the Congregation in the June 2019 Annual Meeting that called for us to use the Endowment to cover the mortgage for three years while we conducted the Capital Campaign to pay it off and restore the endowment balance.

A budget requiring an endowment draw is only comfortable because we believe it to be a temporary situation, for two core reasons: (1) this budget anticipates rental income at about ½ our pre-COVID levels; we believe we will return to that higher level of rental income over the course of this year or by the following fiscal year and (2) UUCA is currently in the process of completing the Capital Campaign that has the strong potential to remove the mortgage from our budget after this fiscal year. In other words, if we can move with flexibility and commitment through fiscal year 2021-22, we anticipate a fiscal year 2022-23 that presents a balanced budget and a strong path forward.

With that in mind, we have created a budget that neither fulfills all our hopes for future programming, nor confines us to an austerity mindset in our current programming.

2021-22 Revenue

Our annual giving campaign this year has been strong (thank you!!!!) and we are able to budget for pledge income of \$1,132,097. We will also collect a small number of pledges from the previous year, as seen in the line "Prior Year Pledges."

As noted above, of key note is our budgeting of rental income for this coming fiscal year. We have guessed at \$80,000, about half of our usual rental income (in addition to full rental income from AUCP, the preschool, which anticipates operating at essentially full capacity this coming year). This number has the most potential to change dramatically from budgeted—either because we feel comfortable opening

to large groups sooner than expected, thus realizing a higher level of rental income, or because COVID rates move in the wrong direction and we cannot open as much as we have hoped.

We are delighted to continue our 70/30 split for Share the Plate collections (that is, 70% of collections to the month's Share the Plate recipient, and 30% toward the ongoing work of the church). We have anticipated a lower than pre-COVID level collection, based on the expectation that even when we "re-open" we will still have significant numbers of people watching online, which has historically led to a much lower Sunday collection. Again, this number could go up if we are able to safely accommodate more people on campus (or, of course, if people give more to the Sunday collection, no matter the mechanism).

2021-22 Expenses

Our budget for expenses reflects the value we hold on taking care of our staff, and as in prior years the majority of our congregational expenses are in staffing. We are funding at UUA guidelines, our new Assistant Minister, Rev. Carol Thomas Cissel, who comes to us as an experienced religious and non-profit professional and will add significant skills to our staff capabilities. This budget proposes a 2% increase across the board for staff, with a higher increase for staff who are currently paid significantly under the UUA's salary guidelines for their position. It also returns to the staff the position of RE Assistant (currently open) and retains the Youth Coordinator position (also open). Finally, this budget incorporates a revised staffing model in our administrative team, replacing the Chief Administrative Officer and Bookkeeper positions with a Congregational Administrator and a part-time Financial Advisor, while moving some executive administrative leadership duties into the Senior Minister's portfolio. The budget also proposes the addition of a Lobby Attendant, to work during hours when the building is open and regular staff are not available (ie, weekday evenings, weekend days). This offers added support for building safety and care, and to support for COVID-safe practices.

Of key importance in terms of staffing expenses is that we are not proposing an increase to our music staff this year—even though we know that we are understaffed in this area compared to other large congregations and we know music is an important priority for UUCA. It is clear that for us to move forward on our vision for music at UUCA we will need to increase that budget area, enabling music staff to work with children and youth, to engage more UUCA-ers in music-making, and to expand the kind of music that we share together on Sundays and throughout our community's life. This year, we have prioritized instead returning the RE staffing to levels that can support our families, knowing that many of our RE children and youth did not engage with virtual congregational life (even as we celebrate the programming we offered and our phenomenal RE staff and volunteers). Zoom life just...wasn't where many of our kids, teens, and parents were able to be this year. We want to make sure these families are well served as we approach re-opening. Re-opening with safety as a high priority is reflected in the addition of the Lobby Attendant as well. We hope that 2022-23 will have annual giving that supports these positions and also reflects our commitment to a more robust and fully supported music program.

Beyond staffing, this budget includes 10 months of mortgage (principal and interest) payments—based on our hope and expectation that the Capital Campaign will have a successful relaunch this fall, and we will be able to eliminate the mortgage when it comes due in April 2022. We believe in YOU and your ability to make this happen! Imagine a UUCA without a \$200,000 mortgage payment each year: this is a UUCA that can live into its dreams.

The budget includes modest increases in program expenses from last year, without a full return to pre-COVID programming levels. You see here the attempt to thread the needle between austerity and abundance. It also includes some additional funds to cover tech needs as we enter multi-platform worship and programming this fall. What doesn't it include? A refresh for the website, which we hope to move toward in coming years.

The budget does not include an inflow of funds to our replacement reserves; it didn't make sense to draw from the endowment and then place that into reserves (both of these buckets offering similar "rainy day" functions).

The budget proposes \$70,000 for our contribution to the Unitarian Universalist Association. Although this does not equal our full fair share (which was requested at \$83,000) it does represent a significant step toward that amount from last year's contribution of just over \$58,000.

The budget moves us closer to inclusion of our core social justice programs in our operating budget, with dues to VOICE, UUs for Social Justice, and NISGUA all included in the budget. Over the coming years, we will continue to explore the ways that UUCA social justice programs have been historically funded, and to craft together a plan for prioritizing, engaging, and funding into the future.

The budget anticipates utilities expenses at lower than pre-COVID levels, based on expected occupancy. We believe that if we occupy the building more rapidly/fully than currently expected, the rising utility costs will be more than offset by rising rental income.

What Do We Need from You? What Can We Promise?

As always, we welcome your questions and engagement with the budget—an informed congregation is a congregation that understands the inspiring needs for funding! We also welcome your flexibility, as we know that many aspects of this budget are built on expectations of building occupancy (for ourselves and for our renters) that may well change. We promise to continue communicating as those expectations change, in line with the communication we have offered this year from the Campus Reopening Task Force, the Board, and the staff.

We hope that you see in this budget both a grounding in the current reality and a reminder of all that is not yet possible...but that can be in the future. We want to create a UUCA where all staff are paid fairly and in accordance with guidelines, where we make our full fair share contribution to the UUA, where we fund our social justice efforts generously, where we have robustly staffed music and RE programs (including Faith 360 and other adult programming), and where—freed from the onus of the mortgage—we can dream big and fulfill those dreams. And we want a UUCA that does all of this with a feeling of stability for our financial future, with reserves and endowment funds that allow us to plan for rainy days. We believe this is possible, and we believe this congregation has the power to make it happen.

We have learned so much through this time of pandemic challenge. We have all we need to take those skills and relationships into our next chapter.