

## MEMORANDUM

To: UUA Board of Trustees

From: UUA Administration, submitted by *President Susan Frederick-Gray, Executive Vice President Carey McDonald, Treasurer Andrew McGeorge*

Re: Budget Submission for 2022-2023

Date: April 23, 2021

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We are pleased to submit to the Board of Trustees for its adoption this budget for Fiscal Year 2022 (July 1, 2021 to June 30, 2022) for the Unitarian Universalist Association. With this balanced budget, the UUA staff will continue its work in three primary mission areas: equipping congregations, training and supporting leaders, and advancing UU values, all aligned with our vision of a UUA where all people thrive. Overall, the FY22 budget is effectively flat relative to the FY21 budget, with total spending down by about 0.2% versus the prior year's budget.

### Overall Budget Trends

One key assumption is that travel will be restricted through the entire calendar year 2021, and that we will operate with fewer events and in-person gatherings even after travel resumes. As we anticipate the pandemic will recede in the coming year, we know we are at a critical moment to reset our expectations and choose a more accessible multi-platform future for UUA operations, building on the success of many virtual events in the past year and reducing our carbon footprint. We do plan on an in-person General Assembly for June 2022 and other gatherings in early 2022, including Finding Our Way Home. The savings from travel and events, which had previously been among the largest expense categories at the UUA, allows us to avoid layoffs and offer staff a cost of living wage increase while providing the capacity to make significant new investments across many areas of the Association. We have held open two positions where virtual staff operations for calendar year 2021 has created additional capacity.

Budgeting for income in FY22 contains more uncertainty than usual because of the Annual Program Fund forecast. Congregational giving has been holding up quite well so far in FY21, running at almost the





same pace as FY19 and FY20. However, our Stewardship and Development team do not expect this trend to continue because congregational giving trends typically lag economic trends by a year or more, and they budget FY22 with a significant decline in APF relative to prior years. We propose using the proceeds of our Paycheck Protection Program (PPP) loan, a sum that has remain untouched so far, to fill in the expected APF shortfall. The basis for determining the amount to use is to start with our FY21 APF budget, based on the final pre-pandemic forecast we produced, increase this by 2% for FY22, a growth rate in line with historical averages, and use PPP funds to make up the difference between this calculated amount and our current FY22 APF budget. To put numbers on this, our FY21 APF budget, including APF contributions for the consolidated regions, was \$8,137,920. Growing this by 2% would have produced an FY22 estimate of \$8,300,678. Our FY22 APF budget is just \$7,264,650, meaning we propose funding the difference, \$1,036,028, using our PPP funds. This figure appears in the budget as an adjustment below the bottom line. The \$1.036 million contribution from PPP reserves represents less than a third of our \$3.297 million in PPP funds, allowing us to utilize PPP funds in future fiscal years to continue to absorb pandemic-related income declines and preserve UUA jobs.

We expect modest increases in other areas of fundraising (unrestricted gifts, leadership annual giving), offset by declines in campaign income with the conclusion of the UU the Vote campaign. We expect some increase in administration fees in our insurance and retirement plans resulting from staff enhancements in the Office of Church Staff Finance. Lastly, the budget includes a total contribution of around \$715,000 from Beacon Press, a result possible from Beacon's successful FY21 and thoughtful discussions between the two entities to arrive at a new financial agreement.

### **New Investments for FY22**

One other difference in this year's budget concerns the Board's previous decision to restrict a large portion of our FY20 surplus to COIC implementation. The Board resolution called for using the FY20 surplus (\$1,312,400, excluding the PPP funds), less \$250,000 to be used in support of GA, for new initiatives supporting the recommendations of the COIC, a total sum of \$1,062,400. To date, we have used \$100,000 to provide grants to UU identity-based

organizations. We propose to use another \$270,000 of these funds beginning in FY22 to support three key investments:

- Lifespan Faith Engagement Project Manager – Responsibilities of this role will include updating existing Tapestry of Faith curricula with an AR/AO lens and creating new faith development resources for a post-pandemic age.
- IT Database Development – Supporting work on our professional leader database with a new developer position, creating a secure way to collect and store identity information along with a user’s consent.
- Congregational Life Conflict Engagement Team – Adding a co-director position to the Hope For Us conflict engagement team, which will help congregations and their leaders engage conflict more productively with opportunities for positive transformation. This group also brings specified skills for understanding race, gender, identity and power within conflicts. It is creating tools to intervene sooner before conflicts get so big.



Beyond these three new positions, all of which are short-term but multiyear, we were able to accommodate several other new money requests in the FY22 budget. Again, the ability to say yes to these was mostly a result of significantly reduced spending on travel and events. Compared to FY19 actuals, the last pre-pandemic fiscal year, we are forecasting travel and event expense, net of conference fee income, to decline by nearly \$900k. That savings supports these program enhancements:

- Organizing and Strategy Team – Significant resources have been added to sustain some of the staff capacity created during UU the Vote including retaining two positions as field organizing and leadership development specialist and a congregational organizer position for the coming year. Additionally, resources for technology (phone and text banking) and database support that we used so effectively nationally in UU the Vote.
- Youth and Young Adult Ministry – We increased one position from part time to full time; we also earmarked \$40k in new money to support the UUA’s youth and young adult ministry work, although the exact form this will take remains pending based on discussions with our Y/YA staff



- Worship Web – Make permanent the full-time status of our Minister of Worship Arts, who supports Worship Web, Braver/Wiser and offers general support to online worship.
- Publications – increase our editorial assistant from part-time to full-time, partly to support Skinner House’s Equity and Accountability panel. We also will create a pool of money to fund advances on royalties to make authorship more accessible.
- Communication – Creating a Justice Communications specialist position who works across the Communications and the Organizing Strategy team to increase communications capacity around our justice priorities. Adding funds to support ongoing work around UU World redesign and creation of a UU World advisory board.
- Office of Church Staff Finance – A new congregational HR coordinator position will assist church administrators and volunteers with benefit enrollments for their professional staff. The costs of this new position will be offset by increased administration fees on UUA-sponsored benefit plans.
- Stewardship and Development – Addition of a new gift processor position to assist with the increased volume of small-dollar donations and the increasing complexity, e.g., stock donations, of many gifts.
- Human Resources – a new employee engagement coordinator position will support work around conflict engagement and the grievance process. This position will also support ongoing justice, equity, diversity and inclusion (JEDI) work including institutional change and staff community support.

We have submitted a budget that makes high-impact investments in key mission areas, including equity and inclusion. We have been able to deploy savings in areas like travel and events to make meaningful enhancement to programmatic areas. As in prior years, we prioritize being responsible stewards our faith’s resources, while remaining realistic in revenue projections. We look forward to further reviewing this budget at the April Board meeting.