



BOARD OF TRUSTEES
MEETING AGENDA

Monday, April 11, 2022

4:00 p.m. Pacific / 5:00 p.m. Mountain / 6:00 p.m. Central / 7:00 p.m. Eastern

Online Meeting via Zoom



Pacific	Mountain	Central	Eastern	Item	Led By
4:00	5:00	6:00	7:00	Opening Reading	
4:10	5:10	6:10	7:10	Check-In via Breakout Groups	
4:25	5:25	6:25	7:25	Consent Agenda <ul style="list-style-type: none"> • <i>DRAFT</i> March 25-26, 2022 UUA Board Meeting Minutes • Revised Charge to the Article II Study Commission 	Charles Du Mond
4:30	5:30	6:30	7:30	Budget	Andrew McGeorge Susan Frederick-Gray Carey McDonald
5:00	6:00	7:00	8:00	Accountability	Meg Riley
5:30	6:30	7:30	8:30	Memo on Co-Presidents	Charles Du Mond
5:35	6:35	7:35	8:35	General Assembly Update	
5:45	6:45	7:45	8:45	EXECUTIVE SESSION (15 minutes)	

Board of Trustees

MEETING: March 25-26, 2022, Eastern Time

Pursuant to notice duly given, this meeting of the Board of Trustees of the Unitarian Universalist Association was held via Zoom conferencing.

MEMBERS PRESENT: Kathy Burek, Barbara de Leeuw, Charles Du Mond (Co-Moderator), Suzanne Fast, Susan Frederick-Gray (President), Sherman Logan, Elizabeth Mount, John Newhall, JeKaren Olaoya, Lucia Santini Field (Financial Advisor), Meg Riley (Co-Moderator), Tom Schade, Sam Trumbore, Bill Young (Secretary)

Meeting Minutes

FRIDAY MARCH 25

ADDITIONAL PARTICIPANTS: Carey McDonald (Recording Secretary & Executive Vice President), Andrew McGeorge (Treasurer), Stephanie Carey Maron, Shige Sakurai, Rob Molla, Sofia Betancourt, Meg Richardson, Stephanie Samson, Dick Burkhart, Elias Ortega

Co-Moderator Charles Du Mond opened the meeting at 11:05 am, welcomed visitors, and led the Board in reading its covenant.

Consent Agenda

The consent agenda was approved unanimously. It included minutes from January and February Board meetings.

President and Staff Report

President Susan Frederick-Gray discussed the UUA's response to Russia's invasion of Ukraine, including pushing fund managers holding UUA funds to sell any Russian assets. She reported she had spoken with the Hungarian Unitarian Church in Romania on their efforts to support Ukrainian refugees. She also described the UUA's responses to the rising tide of anti-gay, anti-trans, and anti-abortion legislation in Texas, Florida, and elsewhere. The UUA is focused on preparing legal support for challenges to new laws and policies, public statements of UU values, solidarity with partner LGBTQ and reproductive rights organizations, and guidance and support for UU communities.

President Frederick-Gray said that the administration is on track for a solid budget proposal for the April Board meeting. She noted the staff continues to try to keep travel and expense costs down, and is mindful of rising inflation in wages and benefits. She recognized that congregational giving has been stronger than anticipated despite the challenges of the pandemic, which requires less use of the UUA's Paycheck Protection Program grant, and that individual giving is increasing. She said the UUA is also considering ways to use one-time funds for mission priority work and implementing the recommendations of the Commission on Institutional Change.



Executive Vice President Carey McDonald reviewed the draft financial agreement between the UUA and Beacon Press as an independent, mission-critical unit of the UUA. He described the core points of the agreement, and the overall emphasis on the long-term success of Beacon and the UUA through mutual support. Discussion reiterated the process for creating the agreement, as outlined in the cover letter, which included UUA and Beacon staff as well as outside members and UUA Financial Advisor Lucia Santini Field.

Trustees welcomed Shige Sakurai as the new Director of Equity, Belonging and Change for the UUA. Shige shared about their role, background and hopes for the position.

The meeting went into Executive Session at 12:10 pm for the purpose of discussing presidential compensation.

The open meeting reconvened at 2:00 pm.

General Assembly Planning Committee Resolution

Co-Moderators Du Mond and Meg Riley reviewed the draft business resolution which would suspend the current bylaws related to the General Assembly Planning Committee. They noted the urgency of reimagining General Assembly, as called for by the Commission on Institutional Change. Following the experience of the UUA's first ever multiplatform GA in 2022, the Board anticipates discussing future possibilities for multiplatform or all virtual assemblies.

Suspending the bylaw requirements for an independently elected planning committee would allow the process to be streamlined, with authority instead given to the people currently charged with managing the event. In response to constituent demands, an increasing number of GA planning roles have become compensated, with discrete volunteer roles still available during the event. Rather than being planned by a separate group of elected volunteers, the current process for planning General Assembly relies on coordination between UUA staff and team leads (typically compensated) who oversee key event functions, such as the Production Manager, Music Coordinator, or Co-Chairs of the Conflict and Covenant Team.

GA Business Agenda

Trustees reviewed the draft detailed business agenda for General Sessions. The agenda included daily theological reflections on the business of the day, significant time dedicated to the Article II Study Commission in each session, and the new business process for voting by ballot each day. Discussion noted the need to revisit the rules of procedure in light of the new ballot voting process, including the schedule for Actions of Immediate Witness; members Barbara de Leeuw, Kathy Burek, John Newhall, Suzanne Fast and Co-Moderator Du Mond agreed to work with EVP McDonald on a new draft of the rules of procedure.

GA Communications

Tom Schade and JeKaren Olaoya reviewed the Board's communications planning for GA. They noted that the GA business is starting earlier, so congregational members and leaders can start getting involved now and choose their delegates further in advance. They requested more materials and details to start being



communicated about multi-platform imagination and planning for the community and programmatic (non-business) parts of GA.

Future Board Meetings

Trustees asked whether longer quarterly meetings are still necessary, with monthly regular Zoom meetings and Slack communication. Discussion recognized the need for dedicated time for important topics, and that there is a rhythm to the year of when those topics might arise (e.g. fall retreat time, spring budget, GA agenda planning, etc.). However, members also expressed the concern that the current schedule of meetings, committee meetings, and webinars is too demanding and unsustainable. Planning for the next year, members suggested consolidating committee meetings into a regular time block, avoiding more weekend meetings, and spreading out longer meetings so they are more frequent but only a single day. There was also interest in an in-person retreat, if it was accessible to all Board members. Possibilities for a more balanced 2022-23 schedule will be discussed at a future meeting.

The Board agreed to cancel its planned July 11, 2022 meeting.

The meeting ended at 3:50 pm

SATURDAY MARCH 26

ADDITIONAL PARTICIPANTS: Carey McDonald (Recording Secretary & Executive Vice President), Andrew McGeorge (Treasurer), Stephanie Carey Maron, Danielle Di Bona (chaplain), Sofia Betancourt, Meg Richardson, Stephanie Samson, Cathy Seggel, Denise Rimes, Cheryl M. Walker, Elias Ortega, Mr. Barb Greve, Kimberly Johnson, Dick Burkhart, Christina Rivera, Karishma Gottfried, Bailey Saddlemire, Greg Boyd

Co-Moderator Charles Du Mond opened the meeting at 11:00 and welcomed participants and observers, and shared an opening reading.

Article II Study Commission

Cheryl M. Walker gave a report from the A2SC, who had recently met for an in-person retreat. They found the time incredibly valuable and generative. During the retreat, the A2SC completed first draft statements for new elements of Article II. She said these foundational statements focus on naming shared values and articulating a core covenant for Unitarian Universalists. In the coming months, the A2SC will circulate these drafts to get reactions and feedback.

Co-Presidents Discussion

Co-Moderators Riley and Du Mond opened a conversation with current and former Trustees, members of the Presidential Search Committee, staff, and other meeting participants on the possibility of having co-presidents for the next UUA presidential term. While there was no action item on the meeting agenda, they wanted to publicly acknowledge and address questions and concerns on this issue.

EVP McDonald recapped the history of Board discussion on co-presidents. He noted the Board had considered recommending a bylaw change to explicitly permit co-presidents under the UUA bylaws in 2018, in the same manner that co-



moderators are now permitted. However, that decision was deferred due to concerns that it was too early in President Susan Frederick-Gray's term to consider the topic, and because there were upcoming discussions from the Elections Reform Taskforce. The of 2019 Elections Taskforce report incorporated feedback from the previous Presidential Search Committee, Moderator Search Committee, Election Campaign Practices Committee, Board members and staff, and included the possibility of co-presidents sharing a single position as one of its recommendations. However, over the following two years of discussion, the Board was not able to arrive at any consensus on any potential bylaw changes for co-presidents. Finally, he noted that while the UUA Bylaws indicate that only a single person may be nominated as a candidate for President, the Board does retain the power it used in 2017 to create co-presidents.

Co-Moderator Riley shared that she had interviewed current and past UUA leaders, as well as other BIPOC UU leaders, on their thoughts about a co-presidency. She reported hearing a range of opinions, including real openness and excitement to innovative leadership structures, as well as notes of caution. Co-leadership teams take more work, especially because effective teams bring different perspectives and skills to the relationship, which can also make them more prone to conflict. Her interviews consistently pointed to the importance of a strong relationship between the individuals in a co-leadership relationship, and their experience working together as co-leaders. She noted that the UUA President and Executive Vice President share leadership, but not in a co-equal structure. She affirmed that her experience as a co-moderator has shown her what an effective co-leadership model requires.

Open discussion included the following points:

- Overall affirmation of shared leadership, which can take many styles and forms. Recognition that the UUA's actions influence congregations, so there is value in exploring new structures of co-leadership to inspire imagination in local UU communities.
- Co-leadership can be beautiful and powerful and generative. The UUA and other UU organizations now have years of experience with co-director or co-executive models, and have learned it takes a significant ongoing investment in the co-leaders' ongoing relationship. Any potential co-presidents would need to demonstrate how they would be able to sustain this level of attention and investment from the beginning.
- The president is nominated by the PSC but accountable to the Board, so it makes sense that only the Board would be able to authorize co-presidents. The Board is fiduciarily responsible for the UUA, would need to be able to address the details and manage risks in a co-executive model.
- What happens in crisis situations, or if co-CEO relationships break down? This would need to be addressed in the initial structure of co-executive roles to avoid the possibility of a leadership crisis.
- Putting more people at the top of an organization is not always the best way to share leadership. A CEO has the view of the whole organization. It feels essential that one person oversee high-level coordination and cohesion (avoiding a model which separates oversight by portfolios).



- Currently, there is a huge amount of internal and programmatic work the UUA needs to do which requires high-level executive coordination, but is not part of the public facing role of the pastoral and prophetic leader which is how the President's role is now defined.
- Doubling the current presidential position would be costly, yet it does not seem conceivable to have a part-time co-president. It would be important to evaluate those financial tradeoffs with other types of investments needed for the UUA to live out its commitments to anti-oppression and full inclusion.
- The 2017 interim co-presidency was born from a particular situation in a time of crisis and should not be the basis for any future long-term sustainable models. The three interim co-presidents had a decade of close work experience together as leaders, they received clearly defined portfolios from the Board, they were in the role for less than three months, and still one member served in the traditional CEO role. There is concern that the experience may be romanticized in the public discourse.
- The UUA is in the middle of rethinking the bylaws and overall leadership structures with the Board and Moderator which have implications for the President's role. These decisions deserve time and consideration, and should not be forced to be completed before the next election cycle with a false sense of urgency.
- With the recognition there has been discussion about co-presidents for years, the timing may never feel right, so the conversation may still need to proceed about the possibility of co-presidents.

The meeting took a five-minute break at 12:25.

Items for Voting

Lucia Santini-Field moved, Kathy Burek seconded, and the Board unanimously approved the following motion regarding the proposed agreement between the UUA and Beacon Press agreement:

The UUA Board of Trustees affirms the UUA's long-term commitment to Beacon Press as an essential way that the UUA carries out its mission to advance UU values in the world. Recognizing Beacon's unique role as an independent department of the UUA, the Board supports a financial agreement with Beacon Press which includes the following elements:

- *Define the long-term resources and capital necessary for Beacon's success as a publisher;*
- *Estimate Beacon's occupancy costs to the UUA;*
- *Provide comprehensive financial terms between the two entities which take into account a wide range of financial possibilities, including potential subsidies and surplus sharing; and*
- *Ensure the UUA will guarantee Beacon's financial obligations.*

This affirmation is based on the version of the agreement reviewed at the March 2022 Board Meeting, with the recognition that the language will be finalized by the Administration.



Kathy Burek moved, Sherman Logan seconded, and the Board unanimously approved the following motion related to the UUA President’s sabbatical:

After serving a full 6-year term, the president is entitled to a 12-month paid sabbatical.

Lucia Santini Field moved, Bill Young seconded, and the Board unanimously approved the draft business resolution related to the GA Planning Committee (Attachment 1). Trustees noted they will receive feedback through public comment in the next two months and integrate that feedback into a final version in May.

The meeting took a break at 12:45, and returned in Executive Session.

EXECUTIVE SESSION

The Board entered Executive Session at 1:00 pm for the purpose of considering appointments, presidential compensation, and internal values commitments. The following decisions were later reported:

- Christe Lunsford was appointed to the Appointments Committee
- The following statement was approved to be included in the UUA President job description for the Presidential Search Committee’s process:

The President’s compensation is set in advance by the Board. It includes an approximate annualized salary of \$260,000, plus benefits, and a paid 12-month sabbatical at the completion of a full term.

The UUA is committed to offering a competitive salary and benefit package for all employees. The Board sets the President’s salary based on average salaries for CEOs of non-profits of comparable size. The salary is set in advance to ensure the compensation package is fair to all candidates.

The meeting ended 4:30 pm.



Respectfully submitted,

/s/ Carey McDonald

Recording Secretary

ATTACHMENT 1

**Proposed Business Resolution
General Assembly Consideration June 2022**

General Assembly Planning Committee

The Commission on Institutional Change, in their report, “Widening the Circle of Concern,” recommended that the Board of Trustees examine the bylaws of the Association with the purpose of streamlining and clarifying the Association’s governance structure.

The Board of Trustees has proposed a multi-year process to rewrite the Association’s bylaws.

One of the guiding principles of the proposed bylaw revision is to separate the governance responsibilities of the elected Board of Trustees (and their committees) from the implementation responsibilities of the Association staff and staff volunteers.

Over the decades, the planning and implementation of General Assembly has required professionalized staff. For example, the General Assembly and Conference service director negotiated contract changes with hotels and conference centers throughout the pandemic.

The General Assembly Planning Committee has not held a governance role in many years. Increasingly, the General Assembly Planning Committee has focused on questions of implementation rather than governance. As such, the GAPC no longer appropriately belongs in the bylaws.

Additionally, having to shift first to completely virtual General Assemblies due to the pandemic, and now to multi-platform modalities, requires a committee structure that is flexible and able to recruit volunteers with the skills needed for events as they change.

The Board of Trustees extends sincere gratitude to the many General Assembly Planning Committee volunteers who, over the years, worked to provide meaningful opportunities for Unitarian Universalists to gather and build community. Their efforts grew and expanded the General Assembly in wonderful ways. Many thanks to each of you for your ministry.

BASED ON THE FOREGOING, NOW, THEREFORE, BE IT RESOLVED,

GENERAL ASSEMBLY 2022 hereby suspends until further notice the membership and activities required by the bylaws of the General Assembly Planning Committee. This action creates flexibility to explore more inclusive and innovative GA planning structures.



Charge to Article II Study Commission

Preface: Article II of the UUA Bylaws, Principles and Purposes, is the foundation for all of the work of our UUA and its member congregations and covenanted communities. It is the covenant to which all of our congregations and covenanted communities pledge themselves when they become members of our UUA. Our current Principles and Purposes were last revised in 1987. At GA 2017, there was discussion of amending the Principles to add an 8th Principle, addressing racism, and an amended 1st Principle, addressing non-human life. The 5th Principle was the subject of a report in 2009, which dealt with the ways in which GA and other UU gatherings do and don't embody an inclusive democratic process. The 7th Principle has also been the subject of discussions about possible amendments. There have been many projects, resolutions, task forces and other strategies that have come from the Board, Commission on Appraisal and grassroots groups which encourage us to take a look at our principles, purposes, bylaws and rules. It is time for us to do a review and make changes so that we are living into the Unitarian Universalism of the future, a Unitarian Universalism that holds us in times of great need and ethical, moral and spiritual crises. We are in one of those times now.

In response to those discussions, the UUA Board committed to establishing an Article II Study Commission to consider possible amendments to this Article. In fulfillment of that commitment, the UUA Board hereby establishes the Article II Study Commission.

Charge: The Article II Study Commission is hereby charged to review Article II of the UUA Bylaws, and propose any revisions that will enable our UUA, our member congregations, and our covenanted communities to be a relevant and powerful force for spiritual and moral growth, healing, and justice. Proposed changes should articulate core UU theological values. The Board believes that one core theological value, shared widely among UUs, is love. The Commission on Appraisal, in its report, *Engaging Our Theological Diversity*, cites Robert Miller's study of Unitarian Universalism, stating "UUs ranked loving as an instrumental value and mature love as a terminal value more highly than did respondents from other groups, religious and nonreligious." Dr. Cornel West says that "justice is what love looks like in public." Our commitment to personal, institutional and cultural change rooted in anti-oppression, anti-racism, and multiculturalism values and practices is love in action, and should be centered in any revision of Article II. The new Principles and Purposes should guide us in the transformation of ourselves, our communities and our faith into active networks of collective care, restoration, and justice. The Principles and Purposes you will prepare should be a living document that challenges Unitarian Universalists to place the liberation, in all its dimensions, of all, at the center of our lives. They should be honest about our past, name what we are facing and our aspirations and where we hope to be not for just today but looking out at the horizons. They should ask us to choose Love in Action as the path forward. Our commitment to anti-racism, anti-oppression, and multiculturalism is love in action, and should be centered in any revision of Article II. Finally, the Principles and Purposes should lead us into the second quarter of the 21st Century, while honoring the historic roots of our liberal, progressive faith.

We therefore charge this commission to root its work in Love as a principal guide in its work; attending particularly to the ways that we (and our root traditions) have understood and articulated Love, and how we have acted out of Love.

As it conducts its work, the Commission shall seek to engage the active participation of UUs across all demographics, identities, and theological/philosophical beliefs. The commission shall be open and transparent in its work, communicating progress frequently with UUs through as many channels and communication media as possible. Further, the Commission shall de-center habitual practices that reinforce white supremacy culture.

The commission is instructed to include in its considerations and deliberations the clear call at GA 2017 for the inclusion of another principle, explicitly calling us to be committed to active anti-racism (see attachments about the 8th Principle Project). We also note that there is a growing urging (heard even before the last review of the Principles, at [Salt Lake City, in 2009](#)) ~~Minneapolis, in 2010~~ for us to better articulate our recognition of rights of being for all beings. The commission should consider how this might be included. We specifically direct their attentions to the 2010 proposals, recognizing how very close those came to passing; there is good work there that should be salvaged for our time.

The Commission is charged with reviewing all sections of Article II, and is free to revise, replace, or restructure them as needed to meet the objectives stated above. There is nothing sacred about the number of principles or sources, nor their specific wordings, nor in the way that Article II is laid out. We encourage creativity. The Board would like to see an Article II that is inspirational, memorable and poetic. The language should be inclusive and welcoming, and explicitly anti-racist. Article II, it must be remembered, are broad statements of Principle and Purpose, not detailed programmatic or implementation plans.

The commission is urged to carefully consider the existing language for its implications, and for the errors or inadequacies of those implications. We recognize that one steady criticism over decades has been that the language of the principles is not poetic. We encourage the Commission to consider framings of our principles that allows them to be brief and poetic (perhaps by transferring explanatory clauses and expansions to a subsidiary document that expounds on what the Commission sees as included and intended in that shorter form).

We particularly urge the Commission to review the Sources; the revised listing from the 2010 proposal and its explicit inclusion of Unitarianism and Universalism as *our* Sources seems timely to us. And there are other recommended Sources in that proposal. In addition, there have been energetic discussions about how other faith traditions such as Buddhism and Islam (among others) might be included or put on footings more equal to those of Christianity and Judaism.

Proposed changes must be submitted to the UUA Board of Trustees in January 2022, so that they may be considered by the Board, and then be placed on the 2022 General Assembly Business Agenda for the first vote. (See Bylaws, Article XV Amendment).

The Commission is further charged with submitting regular reports to the Board of Trustees on its plans and progress to meeting its goals and deadlines. (See Board and Commission Responsibilities, p. z).

The Board of Trustees is grateful for the work of this Commission. Please call on us if we can support you in any way.

Mr. Barb Greve and Elandria Williams, Co-Moderators

Accountability Launch Group

In fall 2020, the UUA Board appointed a Design Team to develop a process for implementing the Commission on Institutional Change recommendations related to accountability. (See *Widening the Circle of Concern: Report of the UUA Commission on Institutional Change, June 2020*, p. 131). The Commission had recommended a structure which would assemble members of identity groups within the UUA. Reporting back a year later, the Design Team recommended splitting the accountability function into two separate groups, one which would be engaged with UUA decision-makers as decisions are being made. This group would ensure the perspectives of historically marginalized groups were included in critical decisions. The second group would include representatives of historically marginalized communities and would provide for sharing of concerns with the Board and the Administration.

The Board concurs with the recommendation of the Design Team that two groups be created. This proposal addresses the need for in-depth, real-time feedback to ensure the work of the UUA continues to be aligned with our goals and values. Separately, the UUA Board will create a table to convene, listen to, and support identity-based UUA groups.

The Design Team recommended that:

1. The team will offer an independent review of the Association's work to the UUA Board and staff on a regular basis. The team should retain a professional consultant or firm to advise on its process and provide expertise. The team will receive administrative support from UUA staff.
2. The team needs a designated convenor and regular meeting times.
3. The Board should appoint to the team UU and UU adjacent people with specific skills and perspectives to serve as members and consultants. Team members be financially compensated for this significant commitment of time.
4. Team members need to be included in generative conversations while decisions are being made, not called in to critique decisions after the fact. UUA staff and Board members must provide access to existing meeting spaces, or create new ones, to ensure that the team can impact the ongoing work of dismantling and transforming white supremacy culture in an intersectional way.

Understanding that the needs and activities of the Accountability group will shift over time, this is a charge to launch such a group.

CHARGE: The board has adopted a values statement about our commitment to the goals set out in the *Widening the Circle of Concern* report and mandated by the overwhelming majority vote for the 2021 General Assembly Statement of Conscience, "Undoing White Supremacy: A Call to Prophetic Action."

The UUA Board of Trustees is committed and commissioned to learning and practices that will transform Unitarian Universalism into a liberating place of belonging for the interdependent communities present, particularly those that are oppressed.

There are many goals set out in the Widening the Circle of Concern report. The highest priority should be given to those practices which relate to UUA culture, including UUA governance practices, policies, and decisions of the UUA board, administration, committees, working groups, and staff. The group is further charged with creating generative, evolving processes of decision-making which reflect UU values and theology, and to communicate with Unitarian Universalists about the work of creating liberating communities.

ACTIONS NEEDED:

1. To begin, the board will appoint four to six people to begin this work, who hold a variety of skill sets, perspectives, and identities. That group may then consider adding additional people to bring in necessary perspectives and skills, either as temporary consultants or as team members.
2. The board and the administration will generate a list of key places where decisions and discussions are taking place, as starting places for the team to attend. If appropriate places do not already exist where the team can readily participate, these places will be created cooperatively. The board and administration will meet with the team as they launch, however, the team will prioritize their ongoing work and stay in regular conversation with the board and administration about it.
3. The team is welcome to spend time with board committees, the board, the administration, and other groups to develop specific goals and strategies, prioritizing the importance of various groups' activities. The team may identify resources that are needed and suggest other staff or consultants to develop them.
4. The team will meet with the identity groups regularly and hear their concerns.

BOARD AND ADMINISTRATION COMMITMENTS TO THE TEAM:

1. The Board and Administration will make it a top priority to be responsive and easily available to the team.
2. The Board and Administration will ensure that the team is able to access the information and gatherings needed to work effectively.
3. The Board and Administration will fund the work adequately.
4. The Board and Administration will do the work necessary to implement the COIC report which is in their respective portfolios as it evolves over time.
5. The Board and Administration will tend to the changing needs of implementing the report and support the team in modifying its workplan as the work unfolds.

On the Topic of Co-Presidents of the UUA

During the UUA Board meeting on March 26, 2022, the Board discussed the possibility of Co-Presidents campaigning and subsequently leading the UUA. The process of selecting candidates for the election belongs to the Presidential Search Committee, and members of the committee were present during the discussion. While the selection of the candidates is not a UUA Board responsibility, the leadership, support, oversight, and administration of a co-presidency has a significant impact on the UUA Board and UUA Staff.

The following items were noted during the discussion and are documented here for the benefit of potential candidates and the Presidential Search Committee:

- The UUA Bylaws do not provide an option for Co-Presidents of the UUA.
- The UUA Bylaws specifically allow multiple individuals serving as Moderator.
 - See Section 8.8. (b): *As used in these Bylaws, the term “Moderator” may refer to a single individual, or to multiple individuals serving in the position, even though the word “Moderator” may appear in the singular form of the word.*
- In April 2017, the UUA Board appointed interim Co-Presidents to serve until the end of General Assembly in June 2017.
 - Among the three Co-Presidents in April 2017, Rev. William G. Sinkford was appointed Interim Co-President for the Role of President as outlined in the UUA Bylaws.
 - Rev. Sofia Betancourt was appointed interim Co-President of the UUA for the Commission on Institutional Change.
 - Dr. Leon Spencer was appointed interim Co-President of Constituent Outreach.
 - Care should be used in attempting to extrapolate the limited experience of this short co-presidency to a full 6-year term of potential Co-Presidents.
- The principle of collaborative leadership is important.
 - The Board supports the concept of collaborative leadership and the potential for Co-Presidents.
 - Our religious movement provides many examples of both successful and unsuccessful shared leadership, from congregations to the larger association.
 - The Board heard many examples of how shared leadership was an important tool in our anti-oppression work, as it provides opportunities for people who could not or would not take the job alone.
- Items to consider when developing a shared leadership model:
 - Prior experience of the co-leaders working together.
 - Coaching and other structures to prevent and manage conflict.
 - Clear definitions of roles and responsibilities.
 - Impact on existing UUA staff.
- Changing the presidential role will affect staff, budget, and leadership structures.
 - Candidates considering a co-presidency are encouraged to meet with the UUA Board and UUA staff.
 - Due to the current UUA bylaws, it appears that a single individual will need to be nominated and campaign for the role of President, with the appointment of co-presidents occurring after the election as an action of the UUA Board.
 - Since the appointment of Co-Presidents would be a Board action, rather than an election, it is very important that campaigns are transparent about their intentions, and delegates are informed before voting.
 - UUA budget includes funds for one full-time President

MEMORANDUM

To: UUA Board of Trustees

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

Re: Budget Submissions for FY23 and FY24

Date: April 11, 2022

We are pleased to submit to the Board of Trustees for its adoption this budget for Fiscal Year 2023 (July 1, 2022 to June 30, 2023) 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 FY23 budget is up by about 10 percent versus the FY22 pandemic-era budget, with large increases coming from salaries and benefits costs, new investments, particularly around COIC implementation, and funds for the 2022 UU the Vote initiative.

Overall Budget Trends

The starting point for the FY23 budget was to maintain our staffing and programming expenses from FY22. As with the current fiscal year, FY23 will have an in-person multi-platform General Assembly in June 2023. While there will almost certainly be more opportunities for more travel and gatherings in 2023 versus 2022, we asked staff to be mindful of travel expenses, and to prioritize conducting the Association's meetings and events virtually. We continue to rely on savings in travel and events, now at roughly 60% of pre-pandemic levels, to provide competitive cost of living increases to staff and to continue to fund new investments in programming.

Use of the Paycheck Protection Program (PPP) funding continues to represent a major variable in producing a balanced budget for the UUA. At this time last year, we proposed using PPP funding to fill in a large anticipated gap in Annual Program Fund (APF) giving from congregations. Based on our last pre-pandemic forecast, and assuming a 2% increase in APF contributions, our total APF estimate for FY22 would have been just over \$8.3 million. The original APF budget for FY22 was \$7.265 million, the Board had approved using



PPP funds to fill this gap, a total of \$1,036,028. However, with stronger than expected performance on APF by our member congregations, the 2Q22 forecast saw PPP use drop to about \$375k, with the chance it could fall even more before FY22 is closed.

For FY23, we propose the same methodology, and we would like to include an additional amount to account for UUA Bookstore sales that have been adversely affected by the pandemic. Starting with APF, taking the calculated pre-pandemic FY22 figure of \$8.3 million and growing it another 2% results in an FY23 value of \$8,466,692. Again, this is what APF would have been in FY23 based on our last pre-pandemic estimate and assuming 2% annual growth. With a budgeted figure of \$8,124,960 for FY23, this represents an APF shortfall of \$341,732.

Total sales for the UUA Bookstore have suffered since the pandemic because so many of our congregations are not back to normal in-person services. A large fraction of Bookstore sales is for hymnals, pamphlets and brochures, and OWL curriculum, all of which have been adversely affected by the pandemic. In FY19, the last full pre-pandemic year, the Bookstore saw gross sales of about \$700,000 for UUA publications. The cost of goods sold for such titles is about 21% of sales. For FY23, we are forecasting \$500k in sales, or a decline of \$200k from pre-pandemic levels. Subtract the 21% for cost of goods sold, and the net revenue lost due to pandemic-related sales declines is \$158,000.



Lastly, we are including \$75k in annual expenses for digital music resource development (details in next section) that we propose paying for over the next two fiscal years with PPP funding. It became clear during the pandemic that congregations needed assistance with digital rights for music and incorporating music into online services in a compliant manner. This is a problem the UUA is well-suited to address, and we believe dedicating PPP funding to this project is prudent.

The total proposed PPP usage for FY23 is $\$341,732 + \$158k + \$75k = \$574,732$, which we've rounded to \$575k.

We also propose using 25% of the FY21 operating surplus, or \$395k, towards the FY23 budget. We closed FY21 with a surplus of \$1.58 million, and this was mainly a consequence of a massive decrease in travel and event expenses. Rather than designating this surplus for

specific purposes in the years ahead, we hope to be able to spread its use out over the next four or more years to help fund some near-term investments needed to build our capacity. We have demonstrated to the Values and Resources group a model that shows we are trending toward long-run balanced budgets even with some extra spending over the next few years.

Finally, the budget includes \$507k in expenses related to implementation of recommendations from the Commission on Institutional Change. These funds support one-time projects and term limited positions and are detailed in the next section.

Beyond some of these one-time costs and uses of surplus, the fundamentals of the budget look strong. Income is up across the board, from APF, individual unrestricted donations, endowment distributions and outside grant income.

On the expense side of the ledger, our largest increases come in the areas of salaries (\$308k in cost-of-living adjustments), benefits expense (up \$412k), and travel, events and meetings (up \$230k).

Investments for FY23

We are making new investments in the high-priority mission work of the UUA, and sustaining the new investments made in FY22. This is possible because of continued reductions and travel and event costs, usage of prior year surpluses, and the constant drive to save money where possible to reinvest and address urgent needs. The FY23 budget includes \$507,000 drawn from the COIC implementation funds set aside at the close of FY20 for one-time expenses and term-limited positions.

Investments continuing from last year include the “Hope for Us” Conflict Engagement Team; more capacity in human resources and workplace justice, equity, diversity and inclusion (JEDI) culture change; new positions with the Side with Love Organizing Strategy Team; increased staff in Communications, Worship Web, IT Data Systems, Publications, Church Staff Finances, and Fundraising Gift Processing; and resources Youth and Emerging Adult Ministry.

This budget also sustains the UUA’s most critical long-term investments in serving marginalized communities within Unitarian



Universalism, including funding for Diverse and Revolutionary UU Multicultural Ministries (DRUUMM), support for the retreat for Transgender Religious professional UUs Together (TRUUST), and the Finding Our Way Home retreat for religious professionals of color.

For FY23, new investments include:

- **Revitalizing Children & Family Ministries** – We are adding a two-year position with program funds to help address challenges in ministry with children and families.
- **Mosaic Curriculum and Leadership Resource Development** – As a priority for COIC implementation, we will dedicate staff and program funds to developing a unified platform for anti-racism and full inclusion programs.
- **UU the Vote 2022** – Building on the capacity of the new Side with Love Organizing Strategy Team, we will invest an additional \$350,000 in one-time expenses to build out our voter engagement and mobilization for 2022-23. In addition to Get Out The Vote (GOTV), this cycle we will focus on deep canvassing and communicating our values in the public square.
- **National youth and emerging adult ministry team** – We will be centralizing youth and emerging adult staff into a single national team that also supports regional events, under a shared national umbrella. This budget supports staff shifts and additional program funds.
- **Digital Music Resource Development** – A two-year part time position with program funds will support exploration of a new digital worship music collection. Rather than focusing on a new print hymnal, this new collection will evolve to meet the intersecting musical and technology needs of congregations.
- **Lay Leadership Development Coordinator** – Another priority of the COIC, this two-year position will re-envision the pathway for Associational volunteer leadership.
- **LGBTQ Programs Staff** – Recognizing the growing need for transgender/nonbinary community support, we will add ongoing staff capacity to support for these programs.



- **OWL Sexuality and Our Faith** – Production of new visual materials for Our Whole Lives Lifespan Sexuality Education.
- **EqUUal Access MOU** – With completion of an anticipated memorandum of understanding with EqUUal Access, we will invest more in disability justice, accessibility resources for congregations and the UUA, and direct support of the community of disabled UUs.
- **Governance investments** – Resources have been set aside to support the Board’s work to rewrite the UUA Bylaws, establish a new accountability commission, and provide chaplaincy support to UUA volunteers.

We have submitted a budget that makes high-impact investments in key mission areas, including equity and inclusion. We have been able to deploy continue savings in areas like travel and events to make meaningful enhancement to programmatic areas, while prudently employing one-time funding sources. 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.



	C	D	E	F	G	H
2	Unitarian Universalist Association	FY21	FY22	FY23	Percent	FY24
3	Budget Overview	Results	2Q22 Fcst	Budget	Inc/(Def)	Budget
4	Current Operations					
5						
6	\$ in Thousands					
7	Income:					
8	Income for General Support					
9	Annual Program Fund	8,070	7,926	8,125	2.5%	8,204
10	Unrestricted Gifts	1,291	1,150	1,400	21.8%	1,428
11	Leadership Annual Giving	231	275	500	81.8%	510
12	Bequest Income	1,060	700	750	7.1%	765
13	Administrative Fees	2,283	2,653	2,823	6.4%	2,979
14	Investment Income	2,419	2,368	2,571	8.6%	2,832
15	Publications Income	641	866	864	-0.3%	884
16	Net Lease Income	1,236	1,064	1,111	4.4%	1,102
17	Other Current Fund Income	584	706	751	6.3%	792
18	Total Income for General Support	17,815	17,709	18,895	6.7%	19,496
19						
20	Income for Designated Purposes					
21	Campaign Income	899	1,092	1,192	9.2%	1,216
22	UUCSR Veatch Grants	2,579	2,387	2,466	3.3%	2,527
23	Grants and Scholarships	807	853	921	8.1%	944
24	Ministerial Aid Funds	516	441	469	6.4%	480
25	Holden and International Trusts	1,380	1,917	2,073	8.1%	2,124
26	Income for Other Purposes	2,561	1,467	2,057	40.2%	2,078
27	Total Inc for Designated Purposes	8,743	8,157	9,179	12.5%	9,369
28	Total Income	26,558	25,865	28,074	8.5%	28,865
29						
30	Expenses:					
31	Board & Volunteer Leadership	107	303	369	21.8%	375
32						
33	Programs:					
34	Organizing Strategy	1,005	854	1,310	53.3%	1,226
35	International Programs	2,072	2,003	2,144	7.0%	2,115
36	Congregational Life	4,317	4,795	5,251	9.5%	5,338
37	Ministries and Faith Development	4,952	5,663	6,480	14.4%	6,601
38	UU Funding Program	1,521	1,412	1,491	5.6%	1,505
39	Crisis Relief & Misc. Programs	255	114	143	26.0%	144
40	Communications	1,188	1,299	1,558	19.9%	1,581
41	Publications	1,110	1,255	1,287	2.5%	1,319
42						
43	Total Programs	16,420	17,396	19,663	13.0%	19,829
44						
45	Administration	1,955	2,025	2,126	5.0%	2,160
46	Contingency/Salary Increase	0	390	739	89.5%	757
47						
48	Infrastructure					
49	Stewardship and Development	2,027	2,440	2,541	4.1%	2,582
50	Information Technology Services	1,581	1,679	1,718	2.4%	1,727
51	Internal Services	2,887	3,569	3,481	-2.5%	3,685
52	Total Infrastructure	6,495	7,688	7,739	0.7%	7,994
53						
54	Total Expenses	24,976	27,802	30,636	10.2%	31,115
55						
56	Depreciation Spending	0	547	620		620
57	Depreciation Spending Laptops	0	57	40		40
58	Church Staff Finances Reserve	0	123	125		125
59	Beacon Press Occupancy Cost	0	565	300		150
60	PPP Loan Usage	0	375	575		575
62	COIC Implementation Funds	0	270	507		274
64	Received Prior Year Surplus	0	0	395		395
65						
66	Current Section Excess/(Deficit)	1,581	0	0		(71)
67						

	D	E	F	G	H	I
1	Unitarian Universalist Association	FY21	FY22	FY23	Percent	FY24
2	Forecast Summary	Results	2Q22 Fcst	Budget	Inc/(Def)	Budget
3	Current Operations Expenses					
4						
5	<i>\$ in Thousands</i>					
6	Income:					
7	Income for UUA General Support					
8	Annual Program Fund	8,070	7,926	8,125	2.5%	8,204
9	Unrestricted Gifts	1,291	1,150	1,400	21.8%	1,428
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15	Net Lease Income	1,235	1,064	1,111	4.4%	1,102
16	Other Current Income	584	706	751	6.3%	792
17		17,814	17,708	18,895	6.7%	19,496
18	Income for Designated Purposes					
19	Campaign Income	899	1,092	1,192	9.2%	1,216
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21	Grants and Scholarships	807	853	921	8.1%	944
22	Ministerial Aid Funds	516	441	469	6.4%	480
23	Holdeen & International Trusts	1,380	1,917	2,073	8.1%	2,124
24	Income for Other Purposes	2,561	1,467	2,057	40.2%	2,075
25		8,743	8,157	9,179	12.5%	9,366
26	Total Income	26,557	25,865	28,073	8.5%	28,862
27						
28	Board & Volunteer Leadership					
29	Board of Trustees	50	127	136	7.1%	138
30	Board Committees	21	78	88	12.8%	90
31	Moderator	2	20	20	0.0%	20
32	Nominating Committee	1	13	13	0.0%	13
33	Commission on Appraisal	1	22	17	-22.8%	17
34	Ministerial Fellowship Committee	29	28	75	168.1%	76
35	Commission on Social Witness	2	15	20	32.9%	21
36	Total Board & Volunteer Leadership	107	303	369	21.8%	375
37						
38	Programs:					
39	Organizing Strategy	1,005	854	1,310	53.3%	1,226
40						
41	International Office	215	241	249	3.3%	253
42	Holdeen International Partners	131	154	154	0.0%	155
43	Holdeen India Program	1,501	1,414	1,473	4.2%	1,487
44	UU-UNO	225	195	267	37.1%	220
45	Total International	2,072	2,003	2,144	7.0%	2,115
46						
47	Congregational Life					
48	Congregational Life	1,535	1,819	2,138	17.5%	2,170
49	Southern Region	627	684	739	8.0%	752
50	New England Region	836	852	901	5.8%	919
51	CL-Combined Staff Costs	275	264	272	3.1%	277
52	Central East Region	1,012	1,148	1,172	2.1%	1,192
53	Office of Congregational Stewardship Services	33	28	28	0.0%	28
54	Total Congregational Life	4,317	4,795	5,251	9.5%	5,338
55						
56	Ministries and Faith Development					
57	Resource Development Office	581	634	726	14.5%	825
58	Youth and Young Adult Ministries	512	705	1,020	44.7%	973
59	Director of Ministries and Faith Development	657	622	653	5.0%	664
60	Multicultural Programs	53	305	407	33.4%	414
61	Director of Ministerial Credentialing	162	134	140	4.3%	142
62	Director of Transitions	346	365	395	8.3%	402
63	Office of Church Staff Finances	679	911	994	9.1%	1,011
64	Office of UUA Health Plan	262	256	214	-16.4%	218
65	Director of Professional Development	203	205	209	2.0%	212
66	Worship Arts	88	112	208	85.1%	212
67	Scholarships and Ministerial Ed Grants	299	307	334	8.9%	336
68	Continuing Education	37	104	105	1.3%	106
69	Aid Funds	589	505	537	6.3%	541
70	Panel on Theological Education	485	498	539	8.1%	543

	D	E	F	G	H	I
1	Unitarian Universalist Association	FY21	FY22	FY23	Percent	FY24
2	Forecast Summary	Results	2Q22 Fcst	Budget	Inc/(Def)	Budget
3	Current Operations Expenses					
71	Total Ministries and Faith Development	4,952	5,663	6,480	14.4%	6,601
72						
73	UU Funding Program	1,521	1,412	1,491	5.6%	1,505
74	Crisis Relief & Misc. Programs	255	114	143	26.0%	144
75						
76	Communications					
77	IPW Office	414	551	725	31.7%	739
78	Periodicals Office	774	749	832	11.2%	842
79	Total Communications	1,188	1,299	1,558	19.9%	1,581
80						
81	Publications					
82	Publications Administration	515	554	579	4.6%	595
83	UUA Bookstore	594	702	707	0.8%	725
84	Total Publications	1,110	1,255	1,287	2.5%	1,319
85						
86	Total Programs	16,420	17,396	19,663	13.0%	19,829
87						
88	Administration					
89	Office of the President	452	492	515	4.8%	525
90	Office of the Executive Vice President	1,026	1,071	1,131	5.7%	1,148
91	Contingency Expense	0	242	431	100.0%	442
92	Salary Increase	0	148	308	108.1%	315
93	Human Resources	477	463	479	3.5%	487
94	Total Administration	1,955	2,415	2,865	18.6%	2,917
95						
96	Infrastructure:					
97	Stewardship and Development					
98	Vice President, Development	794	730	793	8.6%	808
99	APF Campaign	349	545	570	4.6%	581
100	StewDev Events	0	96	96	0.0%	96
101	Friends Campaign	352	389	399	2.6%	403
102	Charitable Gift and Estate Planning	86	203	209	3.1%	213
103	Comprehensive Campaign	447	477	473	-0.8%	480
104	Total Stewardship and Development	2,027	2,440	2,541	4.1%	2,582
105						
106	Information Technology Services	1,581	1,679	1,718	2.4%	1,727
107						
108	Internal Services:					
109	Finance					
110	Treasurer and Vice President of Finance	506	456	418	-8.4%	425
111	Financial Services	798	809	831	2.6%	846
112	Total Finance	1,305	1,266	1,249	-1.4%	1,270
113						
114	Facilities					
115	24 Farnworth Street	1,582	2,303	2,232	-3.1%	2,360
116	Total Operations Services	1,582	2,303	2,232	-3.1%	2,360
117						
118	Total Internal Services	2,887	3,568	3,481	-2.5%	3,685
119						
120	Total Infrastructure	6,495	7,687	7,739	0.7%	7,994
121	Total Expenses	24,976	27,802	30,636	10.2%	31,112
122						
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124	Depreciation Spending Laptops	0	57	40		40
125	Church Staff Finances Reserve	0	123	125		125
126	Beacon Press Occupancy Cost	0	565	300		150
127	PPP Loan Usage	0	375	575		575
129	COIC Implementation Funds	0	270	507		274
131	Received Prior Year Surplus	0	0	395		395
132						
133	Current Section Excess/(Deficit)	1,581	(0)	0		(71)
134						

Budget Fiscal Year 2023 – Flux Analysis

The following is an analysis of the changes from the FY22 Q2 forecast to the FY23 budget. Changes of 10% or more and \$100k or more are described.

Overall income – up 8.5% / \$2.209 million

Annual Program Fund – up 2.5% / \$199k

Our performance on APF during FY22 has been a pleasant surprise. The current forecast for FY22 represents an increase of \$661k (9.1%) versus the FY22 budget. However, based on our pre-pandemic APF forecast, and assuming year-over-year growth of 2%, even the FY22 APF forecast falls short of the pre-pandemic trajectory. We are forecasting APF growth of 2.5% for FY23, based both on the positive results for this year and feedback from congregations. However, this increase still leaves us short of the pre-pandemic path. As in FY22, this shortfall will be offset by a planned draw on our PPP loan proceeds currently held in reserve. The amount of the PPP draw related to APF, roughly \$342k, is included in the below the line adjustment to the budget.

Unrestricted gifts – up 21.8% / \$250k

This item on the budget reflects our Friends of the UUA program. Our Stewardship and Development team believe there is significant capacity to increase fundraising via this channel. It's also worth noting that the budgeted amount of \$1.4 million is only about 8.4% above our FY21 results, implying that the FY22 forecast is showing some near-term weakness.

Leadership Annual Giving – up 81.8% / \$225k

During our budget planning for FY23, the Stewardship and Development team suggested that our major gift fundraising would likely see a shift away from restricted, campaign fundraising to the unrestricted channel. Our Leadership Annual Giving consists of unrestricted gifts of \$10,000 and greater, and we expect it to increase to \$500k in FY23. There is a corresponding decrease in current year campaign fundraising, discussed later in this document.

Administrative Fees – up 6.4% / \$170k

The largest portion of this increase comes from release of restricted funds from earlier fundraising campaigns, specifically UU the Vote reserves. These reserves arose from the timing mismatch between of UUA's fundraising efforts and the date of the 2020 election. In FY22, comparatively few charges have been made to the UUtV project, and we anticipate that to ramp up significantly in FY23. The release of these restricted funds generates an Administrative Fee. Other smaller increases are forecast for the UUA's Group Insurance Plan and Pension administrative fees, and the UUCEF administrative fee. The latter two increases are largely the effect of increased balances in the UU Retirement Plan and UUCEF, owing to strong investment performance over the past year.

Investment Income – up 8.6% / \$203k

Income from UUA's unrestricted endowment is forecast to increase 8.6% in FY23. The endowment distribution is 70% based on the prior year's endowment distribution, adjusted for inflation, and 30% based on the rolling 4-quarter market value of the endowment. For the FY23 calculations, we

are using an inflation rate of 7% and an average endowment value higher by a little over 20% from calendar year 2020 to calendar year 2021.

Campaign Income – up 9.2% / \$100k

This increase is principally related to the release of accumulated funds in the UU the Vote project. As of the time of our budget discussions, we had about \$550k in net spendable income for our UU the Vote campaign. While some of this will be spent in the remainder of FY22, the large majority of this funding will be used in FY23 for our next UUV cycle, and it is recorded as income as it is used for eligible expenses. Overall, our budgeted campaign income is up \$100k from the FY22 forecast, yet we anticipate this large release of restricted funds. This is only possible because our new restricted fundraising for FY23 is projected to decrease by roughly \$250k versus the current year as that income instead flows to the unrestricted, Leadership Annual Giving category.

Holdeen and International Trusts – up 8.1% / \$156k

We anticipate a fairly sizable increase in outside grants to support our international work in FY23. These funds are passed through as grants to our partners, less any administrative fees that the UUA assesses on the outside grants. Meanwhile, we are projecting increases of around 11% on the income we receive on the Holdeen Trusts. The Holdeen income is primarily a function of the average market value of the Holdeen Trusts during calendar year 2021, and we saw this value grow over 17% YOY. In the recent past, we have experienced great volatility in Holdeen income, which makes long-term planning difficult for the International Office. However, we have built some reserves on our balance sheet and have asked Wells Fargo, the trustee of the Holdeen Trusts, to distribute less than the maximum legal amount for 2022. Both of these factors should reduce volatility in the income stream in future years.

Income for Other Purposes – up 40.2% / \$590k.

Compared to the FY22 forecast, we are including a larger base occupancy transfer from Beacon Press (\$350k vs \$150k). We also project increased fundraising for the Disaster Relief Fund as well as incorporating the allowable deficit for the Disaster Relief Fund that the Board approved ahead of our FY21 close. Lastly, a new \$112k figure has been incorporated for Congregational Life's consulting fee income for work of the Hope For Us conflict team.

Overall Expenses – up 10.2% / \$2.834 million

Board and Volunteer Leadership – up \$66k / 21.8%

The two largest additions to this part of the budget are an increase of \$35,000 in travel for the Ministerial Fellowship Committee to fund a retreat with volunteers and UUA staff during FY23, and an additional \$10k in funding (an increase from \$20k to \$30k) to support the work of the Article 2 Study Commission.

Organizing Strategy – up 53.3% / \$456k

We have added \$350k of new money to the FY23 budget in support of UU the Vote 2022. This total includes funds for temporary salaries & benefits, grants to state action networks and other frontline partners, and software expenses, among other items. The overall salaries and benefits line for this

staff group is higher yet, due to a full year of our climate justice organizer and our congregational justice organizer.

International Programs – up 7.0% / \$141k

This increase tracks the increase in outside grants and Holdeen Trust distributions discussed earlier. The income increases are almost entirely offset by increased grantmaking available from the Holdeen India program, plus an increase in UUA administrative fees.

Congregational Life – up 9.5% / \$456k

Congregational Life will add new positions for the Conflict Engagement Team co-director and for a new lay ministry associate. Both of these positions are to be offset with COIC implementation funding. We have also added significant funds for the Hope for Us Conflict Engagement Team coaches and for grants to congregations for conflict team work. We do anticipate an increase in consulting income as part of this work, which will offset the effect on the bottom line.

Ministries and Faith Development – up 14.4% / \$817k

MFD had a significant number of new money requests approved as part of this budget, most of which will be offset by use of COIC implementation funds. Included in this amount are a new child faith development associate and a music resource project manager. We have also included funds for work on the Mosaic Curricula, updating the Our Whole Lives visuals, and support of the YUUP program. One other new position was included in the budget that will be funded outside of COIC, and that is the LGBTQ and Gender Justice Program manager position.

Communications – up 19.9% / \$259k

The largest contributor to the increased budget versus FY22 is from having full-year salaries in for a number of new hires, including the executive editor of UU World, the associate editor/outreach associate, our public relations director and our justice communications associate. Outside of salaries and benefits, the remainder of the Communications budget is actually down versus FY22, aided by a reduction in consultant costs as we have added new full-time staff.

Administration – up 5.0% / \$101k

This category includes the offices of the President and EVP, plus our Human Resources staff group. The increase here is almost entirely related to the FY23 budget including full-year costs for the Staff Relations and Learning Director position and the Director of Equity, Inclusion and Change.

Contingency/Salary Increase

Contingency is set in the by-laws as 3% of unrestricted income and amounts to \$431k.

The salary increase for FY23 of \$308k includes an assumed 1% cost of living adjustment effective 7-1-22, a further 2% increase effective 1-1-23, and a smaller amount dedicated to grade and job changes.

Depreciation Spending

A more comprehensive review of our FY23 and beyond capital budget will be shared at the May meeting. For the purposes of this budget, we have held constant from FY22 the figure of \$620k as a below the line adjustment. The operating budget does include significant depreciation expense in the Information Technology Services and Internal Services lines of the budget. However, depreciation expense is a non-cash expense, and this \$620k below the line adjustment corrects for the non-cash nature of these expenses. Such an approach must be accompanied by a comprehensive look at upcoming capital expense projects to make sure that the cash outlays involved for capital expenses are in line with UUA's funding capabilities.

We also have included an additional \$40k in depreciation expense used in the operating budget related to the administration's decision to begin expensing the purchase of laptops and other hardware peripherals. The current UUA policy calls for items under \$2,500 to be expensed rather than set up as fixed assets, but our practice has been to aggregate such purchases and capitalize the hardware. This has led to problems such as fixed asset write offs on disposed equipment and difficulties in selling hardware to departing employees due to the high residual net book value. Expensing all laptop purchases will cause extra expense in the short term as we make depreciation entries and expense all new purchases, but this effect will dwindle over the next three years and after that the accounting cost to the UUA will be the same. In the near term, we propose an additional \$40k in depreciation spending included in the operating budget to address this extra expense.

Church Staff Finances Reserve

The Office of Church Staff Finances, which oversees the benefit programs for congregations and the UUA, has accumulated a significant cash reserve over the years. These funds are unrestricted but have been held aside for special projects. In FY23 the reserve will be tapped for continued support of the UUA operating budget at a level equal to the transfer made in FY22. Because these funds were received in past years, the cash expended is not technically income in FY23, and is therefore shown on a separate line below the expense section. Since this time last year, we have moved the OCSF reserves from bank CDs, where they were earning a nominal rate of interest, to the UUCEF. The OCSF funds in the endowment are not included in the principal when we calculate our endowment distribution.

Beacon Occupancy Cost Transfer

The new agreement between UUA and Beacon Press has changed the way that Beacon's occupancy cost transfers are reflected in the UUA operating budget. A base occupancy cost value equal to 50% of Beacon's total occupancy costs is included in the UUA budget in the Income for Other Purposes line. This base value for FY23 is \$350k. However, depending on Beacon's results, an amount up to the full occupancy cost for Beacon, roughly \$700k, could potentially be transferred to UUA for use in our operating budget. In other words, \$350k is included as fixed income for the UUA, with variable income of up to \$350k available depending on Beacon's results. The way the agreement works—largely because the UUA needs a higher degree of certainty around these figures—is that Beacon's FY22 results will affect the amount of occupancy cost to be transferred to UUA for use in our FY23 operating budget. Based on the most recent Beacon Press forecast for FY22, which estimates income for the year of around \$950k for the purposes of the agreement, we could

anticipate a further \$300k in occupancy cost contributions. This has been included as a below the line adjustment.

Notes on Fiscal Year 2024 “Out-year” Budget

The purpose of creating a budget for the year following the upcoming budget year is to see where current income and spending trends are pointing. We have recently reviewed a much longer forecast with the Values and Resources group to see how the UUA operating budget will fare after we more fully deplete some of the limited use funds (COIC Implementation, PPP, etc.). We know that the Association will have relatively high expenses in FY24 too, as the COIC work continues. As the one-time projects become part of the typical flow of work for the UUA, the one-time expenses will start to decrease in FY25.

The document reviewed with Values and Resources projected a \$71k deficit assuming a number of below-the-line adjustments related to PPP use, FY21 surplus use, and COIC implementation funds. That same \$71k deficit is presented on the FY24 budget forecast. However, the exact figures input for various staff group expenses were not rigorously determined. Most of the specific adjustments from FY23 to FY24 are in areas like endowment income, APF and other unrestricted fundraising, and salary and benefit costs. The UUA Administration stands prepared to make adjustments in its operating plan to address any shortfall when the budget for FY24 is prepared.

Financial Secretary Statement on the Proposed FY 22-23 Operating Budget

The Values & Resources Working Group met twice with Executive Vice President Carey McDonald and Treasurer Andrew McGeorge to review the proposed operating budget for the UUA for FY22-23.

- We concur that the proposed Operating Budget is reasonable.
 - We support the continued prudent use of travel funds
 - We support the new investments proposed by the Administration
 - We concur in the use of PPP and unspent travel funds to smooth out fluctuations in the budgets for future years.
- Regarding the Board's budget:
 - We have requested continued financial support for the Article II Study Commission to complete its work
 - We have requested funding for the Bylaws revision work
 - We have requested funds for the Accountability Team recommended by the Commission on Institutional Change
- We recommend that the Board suspend Policy 2.6.1.1, requiring that the capital and consolidated budgets be submitted in April. The Administration may present these budgets in May 2022.

Respectfully Submitted,

Kathy Burek

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UUA Board Financial Secretary