



MEMORANDUM

To: UUA Board of Trustees

From: President Sofía Betancourt

Executive Vice President Carey McDonald

Vice President for Finance & Investments Dave Valentine

Vice President for Programs & Ministries Ashley Horan

Vice President for Communications & Development Nancy McDonald Ladd

Re: FY27 Budget Proposal and Multi-Year Financial Plan

Date: April 21, 2026

Summary

We are pleased to submit for your approval the UUA's \$37.7 million FY27 operating budget, consolidated budgets, and updated FY27-30 financial sustainability plan. Right now, we are completing the first year on a three-year path towards financial sustainability and strategic prioritization. This budget proposal invests in core ministries and key priorities for the UUA to meet the moment and continues the shifts that will be required over the coming years.

Financial Narrative

We are in a time of great economic and political risk and uncertainty; at the same time, there is incredible energy and need for our liberating faith values in the world. We recognize both the urgency of the moment to advance our mission-based work, as well as the need to thoughtfully manage the risks involved. Ultimately, the UUA's financial fate is tied with those of our congregations, who have seen increased financial commitments from members but also increased costs.

While our financial statements continue to show our strong position in terms of net assets, the UUA, like many organizations and congregations, continues to fight financial headwinds as costs increase faster than income.

Last year, the Board approved a three-year financial sustainability plan to increase income and reduce expenses. On the income side, this plan has led us to accelerate plans for donor-based fundraising growth, restructure our Stewardship & Development and Communications teams

leadership, seek out more opportunities for grants and philanthropic support, and continue to grow the endowment under management. To keep expenses from growing, the UUA implemented a retirement incentive last fall, with Board approval. Between the impacts of the retirement incentive and natural staff turnover, the UUA has reduced 7 net positions to keep us on track for our planned cost savings.

Heading into FY2027, we are committed to achieving next year's set of financial goals. On the income side, this includes securing a tenant for the open commercial space and revamping our approach to congregational giving through the Annual Program Fund. For expense, we will need to continue to review programs and commitments to identify areas for potential savings, and consider new more cost-effective approaches to our work such as curtailing staff travel or use of outside consultants.

Budget Overview

Income

The proposed FY27 budget process has focused on establishing a sustainable income trajectory through FY29. Some income areas have exceeded last year's projections while others still need to catch up. We plan for work on the following primary income areas:

- **Congregational Giving** – As the largest source of income for the UUA, congregational giving through the Annual Program Fund was relatively flat from FY25 to FY26. With a newly combined Communications and Development team, we are going to set new strategies this summer for getting APF on a growth trajectory and empower all our staff to be advocates for financial support for the UUA as a manifestation of our Associational covenantal.
- **Donor-based fundraising** – This has been a very strong year for donor-based fundraising, largely due to one-time legacy gifts. Going forward, we are focused on building up the pool of qualified donors to get ahead of donor turnover and have already seen growth here. We are building out the mid-level giving program to cultivate longer-term stewardship. Collaboration between Stewardship & Development and our programmatic teams, such as through the Side With Love Solidarity Fund, are also designed to grow fundraising and stay on track for our sustainability plan
- **Investments** – Performance of the UU Common Endowment Fund has been very strong, resulting in a higher endowment draw for FY27. New congregations are investing in the fund, resulting in greater administrative fees for the UUA. The UUCEF current valuation is \$298 million.
- **Leasing** – We continue to work with our real estate consultants and broker to seek a tenant for the UUA's vacant office space, and have seen increased interest in the past 6-9 months. Securing tenants remains a key strategy for our financial sustainability plan, subject to market conditions.
- **Other sources** – We continue to support growth in publications income, administrative fees, and income from outside trusts. Additionally, we have contracted with a grant consultant to help us pursue opportunities for support from private foundations and philanthropies.

Expense

While there is an overall expense increase for FY26-27, this is primarily due to the expense of a multiplatform General Assembly 2027 with an on-site component. That includes both travel and event expense costs. We continue to trend very closely to the planned expense trajectory approved last year as part of the sustainability plan.

The UUA's biggest single cost is personnel, over half of the budget, and we see salaries going down from FY26 to FY27, more than absorbing 2% cost of living adjustment, as we continue to reduce our staff footprint. We reduced our staff by a net of 6 positions in the past year and will be carefully considering any open positions in the year ahead as we look for potential future reductions.

Health insurance costs are expected to increase again nearly \$600,000 next year for the UUA. Since many of our congregations are also a part of the UU Health Plan, we share their challenge in managing these costs, which is common industry-wide. The UUA is working to get the Health Plan on a more stable financial foundation to reduce annual cost increases by streamlining administrative functions and reviewing stop-loss insurance. We remain committed to ensuring values-based health coverage is available to UU leaders across the country.

Cash management

While this current year has improved roughly \$900k over budget, resulting in less than the planned use of cash reserves, FY27 & 28 will still require net draws. Over the next two years, the UUA will take advantage of the ability approved by the Board to borrow from unrestricted endowment funds.

Mission & Priorities

In a moment of both upheaval and opportunity, our budget proposal is grounded in the UUA's priorities for its mission and impact. We have begun a multi-year process to define our strategy, planning and assessment for those priorities. That begins by defining the scope of our current programs by mission area so we can map our use of staff capacity and resources across teams. For the first time, we are submitting a complete mission scope chart that connects our current programmatic commitments to the appropriate mission area or sub-area, including administrative functions. This gives a comprehensive picture of what the UUA's operating budget actually funds.

Rooted in what we are learning through the Meet the Moment framework, the UUA will be setting clear goals and metrics for our priorities. These will become the guiding star for our strategy, planning and assessment process which will run through Fall 2027.

Equipping congregations & communities

We are focused on creating the current, high-impact resources and programmatic support that congregations need to meet this moment. Key priorities in process include:

- **LeaderLab/UU Institute** – As these popular leadership development opportunities for congregational leaders continue to grow, they will be aligned with revamped in-person leadership school experiences.
- **Faithify stewardship resources** – Building on its successful past as a crowd-source funding platform, Faithify is sunsetting this crowd-funding role to broaden into support all types of UU and congregational stewardship materials and coaching.
- **Property & casualty insurance** – A new provider for UU congregations offers better terms, rates and coverage for general insurance
- **Woven Faith** – A new, flexible, theme-based curricula series, still in early stages of development, will offer updated materials for religious education programs
- **Deeper Joy** – Released this year to excellent reviews, this youth & emerging adult curriculum features a role-playing experience grounded in UU values, and will be developed into a youth leadership school program.
- **Sing Out Love** – Entering its second year, our new virtual hymnal continues to grow its collection and its subscriptions, to become self-sustaining in the next year or two

Supporting leaders

In addition to the ongoing work of supporting our religious professionals and UU leaders, three high priority projects for 2027 include:

- **Widening the Pathway to Ministry** – Following a successful stakeholder gathering last year, this project will establish a taskforce to exploring changes to the formation process for ordained and fellowshiped ministry, to make it more equitable, accessible and sustainable.
- **Transitions Review Task Force** – The TRTF will complete its charge this year to review the UUA's systems of search and settlement, and is planning to make recommendations that can be presented at GA 2027 and incorporated into the 2027-278 search cycle.
- **State of religious professionals data project** – In collaboration with LREDA and other professional organizations, our staff will be using new surveys and existing data to analyze the state of the professional livelihoods for the full range of religious professionals serving in UU congregations.

Advancing UU values

We are committed to being both a prophetic force in the public square and protect our faith communities and partners, in the face of rising fascism and authoritarianism.

- **UU the Vote** – Now in its fourth cycle, UU the Vote has expanded to broad democracy and election protection running through the November elections to the final certification of those results, ensuring the integrity of our democratic process. It is a core foundation for fighting fascism and building multiracial democracy beyond electoral work.

- **Climate Justice Taskforce** – Following presentation of the group’s recommendations at GA 2025, the Taskforce is working with UUA staff to create multi-year plans and commitments that can be brought back to the General Assembly for affirmation in 2027.
- **Legal action and public witness** – The UUA continues to use its voice and legal standing to advocate for our values in the courts and the public square, from lawsuits and amicus briefs to faithful public statements, always grounded in a growing coalition of progressive partners.
- **Risk assessment and response** – Both for the UUA itself and for our congregations, we continue to monitor the changing risk landscape from both government and independent actors; this is an integral part of democracy protection, as congregations prepare to be ready to act in critical scenarios.

Conclusion

Thank you for your consideration of this proposal, and for your engagement and guidance throughout the process through the Board’s Values & Resources Group. As we continue to move through sustainable three-year path that minimizes disruptions to operations and maximizes mission-based impact, we will need to continue to ask the Board to approve a deficit-based submission that expends cash on hand for this year, which includes a planned deficit of (\$2.2 million) for FY27. We are confident that our work with you and our committed staff in the coming year will allow us to achieve these goals.