

Update from APF Task Force to the Board of Trustees October 15, 2016

Denise Rimes for the Task Force, with active commentary
by **Lucia Santini-Field** and **Mary Katherine Morn**



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Charge

To bring to the UUA Board of Trustees a recommendation on **how and when to roll out a Congregational giving approach that will best sustain the Association into the future**, with the core question being whether and how to replace the existing “per-member” formula with a **formula based on ability to pay (% of budget)**. This work will be done in **collaboration with the UUA president**, who retains authority within our governance system for making the final determination but who joins with the board in recognizing that such a significant change in practice is a substantial fiduciary and relational issue requiring mutual agreement and support.

Timetable

- Originally, recommendation by June 2016 for implementation in FY2018 "if practical"
- Then, revised to be recommendation by October board meeting
- Our new recommendation is evolving (rather than definitive) but will be more gradual with an experiment in FY2018 (*more later*)



Rev. Leslie Takahashi, Rev. Sarah Stewart, Larry Ladd, Denise Rimes, Hank Rauch (left to right)



Denise Rimes, Tim Brennan, Rev. Sarah Stewart, Rev. Leslie Takahashi, Rev. Harlan Limpert, Rev. Mary Katherine Morn, Norrie Gall, Lucia Santini-Field, Dan Brody, Vail Weller, Larry Ladd, Hank Rauch (left to right)

WHY APF MATTERS

APF is our shared practice of generosity

- Our faith calls us to be generous
- Congregational giving is the institutional spiritual practice of generosity

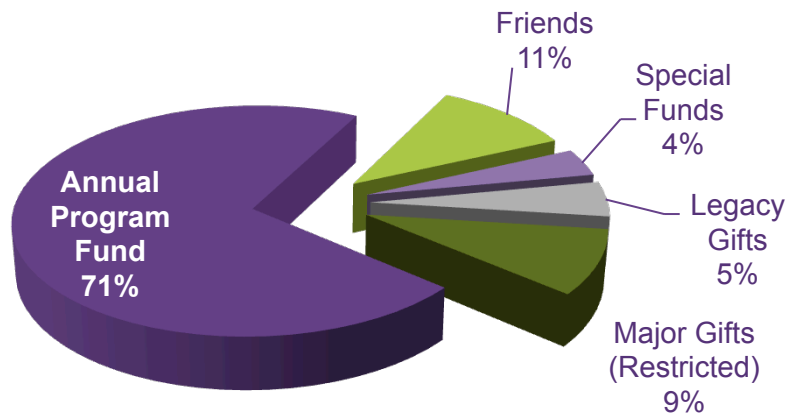


The one way
almost every
congregation is
engaged with the
UUA

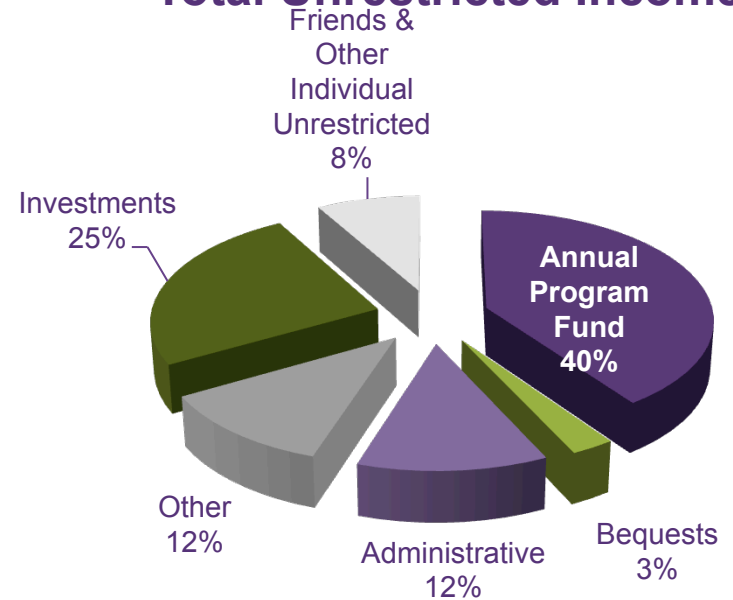
WHY APF MATTERS

APF is the most significant source
of annual funding

UUA Fundraising by Source

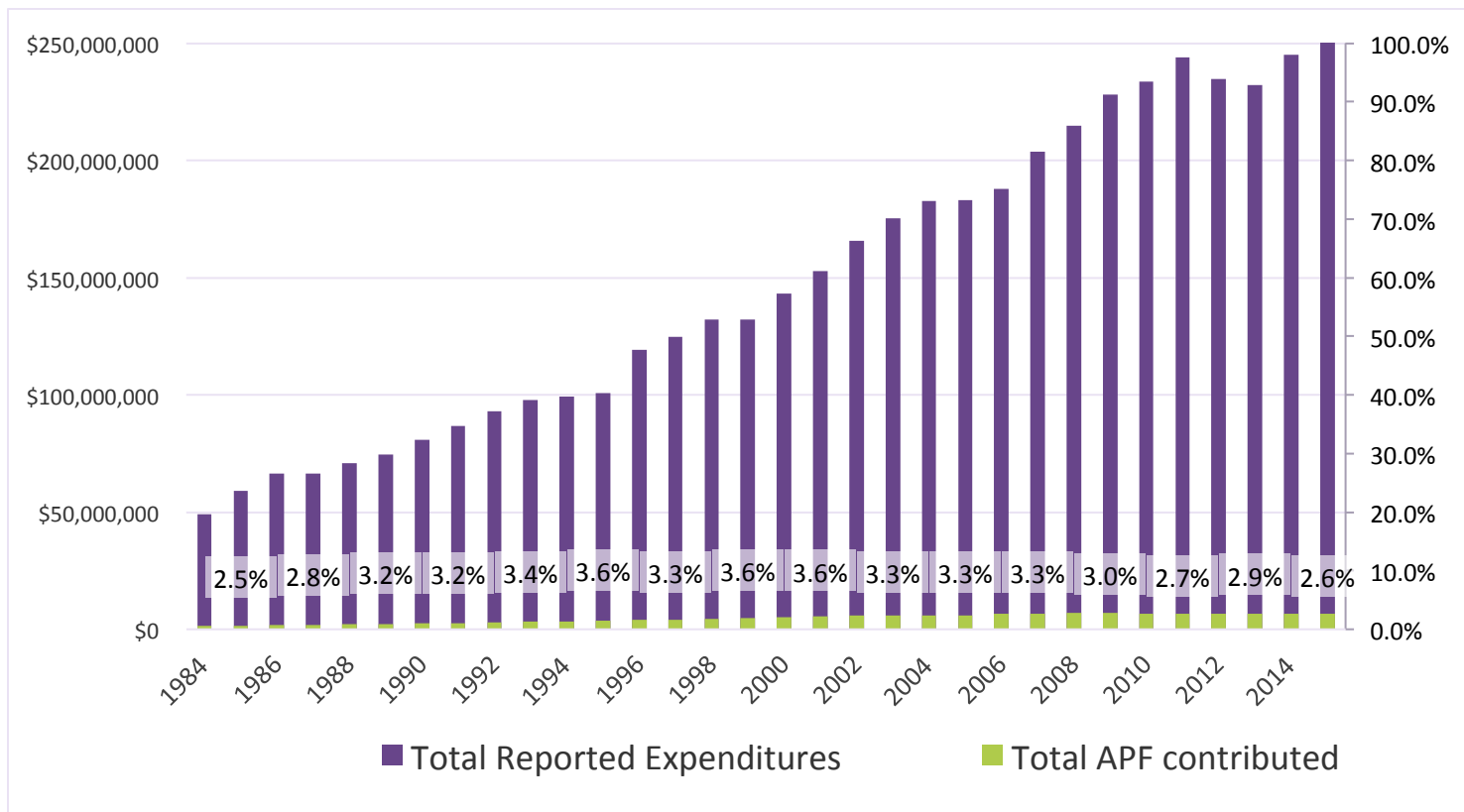


Total Unrestricted Income



WHY APF MATTERS

APF contributions declining as a percentage of total congregational budgets



TRENDS AND CONCERNS

Background Issues

- Congregational leaders are asking for a new model
- Congregations have different definitions of membership
- Membership-based formula ignores ability to pay
- Current model ignores times of congregational crisis



TRENDS AND CONCERNS

Growth and Sustainability

Current model:

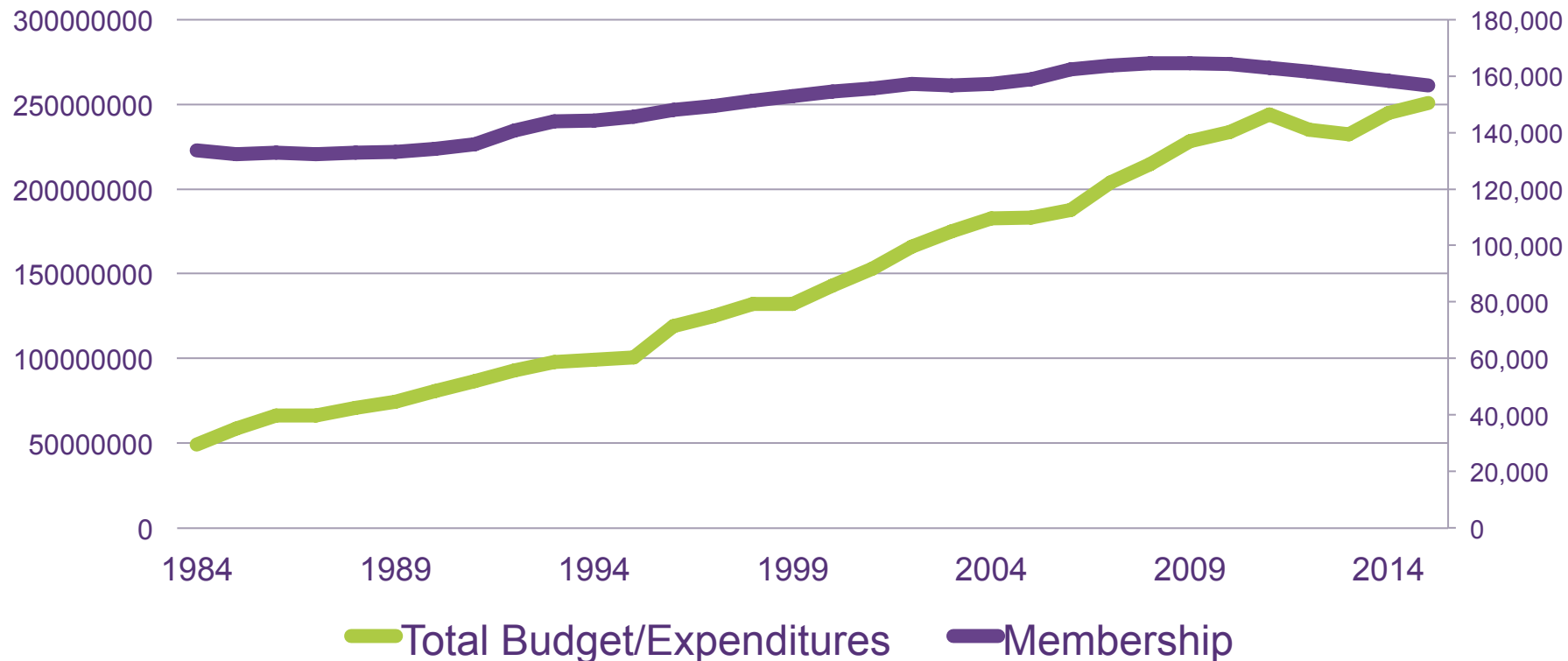
- Acts as disincentive for growth
- Does not allow for new models of membership and emerging communities
- Trends poorly with membership numbers

TRENDS AND CONCERNS

Growth and Sustainability

Downward trend in membership: Upward trend in congregational expenditures

Total Budget Expenditures & Membership



Original Principles

- Revenue neutrality
- Simplicity
- Transparency
- Assistance to congregations with the transition

The first two
have been
harder than
expected



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Process involved, so far:

- Congregational leaders, lay and clergy (individually & via survey)
- Regional & district meetings
- GA workshop & UUMA conversation
- Presidential candidates



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Challenges

- Preserving Honor status for congregations
 - 60% of all congregations are Honor
- Minimizing revenue loss from congregations whose expected contribution goes down
 - In Southern Region, revenue dropped 11% over 3 years
- Transitioning congregations whose expected contribution goes up
- Revenue neutrality is highly unlikely

There is risk because we can't predict precisely how congregations will behave

Challenges

Examples of revenue loss risks:

- At 7% of budget
 - 525 congregations or 65% would see increase
 - 283 congregations or 35% would see decrease
- At 5% of budget
 - 227 congregations or 28% would see increase
 - 581 congregations or 72% would see decrease



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Proposal

- Move to a formula based on percentage of expenses over time (studiously but with urgency)
- Test new formula (still in development) in FY18 with small sample
- Report back learnings and next steps in October 2017



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Secondary Recommendations

- Board propose by-law change for minimum contribution (reinstate previous 25% requirement) to qualify for voting at General Assembly
- Encourage UUA leaders to take Honor status into account when considering appointments, invitations, etc.
- Raise per member rate in NE region so that the total ask (combined APF and District) per member is \$85, which is equivalent to the lowest per member rate nationwide

Supporting Materials (1)

- During the roll out, incentives will be offered for congregations that meet the following requirements:
- Congregations giving more than amount based on new formula will maintain level of giving (maintain giving at same percentage of budget, so that if budget goes down, giving would go down as well)—Highest level of incentive
- Congregations whose current giving is less than percentage resulting from new formula will be asked to increase at a rate of .5% of certified expenses per year—Regular level of incentive

Supporting Materials (2)

Incentives that will be meaningful and will be visible to congregation (that is won't only occur at GA), like:

- Coffee hour hosted (paid for) by the UUA
- Access to staff services or UUA information
- Honor designation or some variation

Supporting Materials (3)

- Further analysis of data will include comparisons of giving based on:
- Cost of Living (using existing Geo Codes for Fair Comp)
- R.E. Enrollment
- District or Regional membership (to account for differences in district dues)

Supporting Materials (3)

Pilot groups will be tested for ability and willingness to:

- Remain at a higher percentage of expenses giving in first years of new program
- To increase giving at a rate of .5% of expenses per year

Shared Assumptions & Values

- Include only necessary complexity
- Incentives are vital, and maybe negative consequences as well
- There is no perfectly fair approach
- We will always have the tension in the nature of our relationship with congregations that is both covenantal and service oriented
- Communication needs to emphasize the Crisis point we are facing, and by “we” we mean All of Us
- Hopes that we can introduce and celebrate change with some kind of ritual re-covenanting
- We are facing risk with changing to a new model and we face risk in not changing
- In the first full year, we hope to ensure that no congregation gives less than they gave the year before and that the total income from APF goes up, if only slightly
- Regionalization adds a layer of complexity that is impossible to underestimate

Thank you for your support!



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Questions & Conversation



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