

## MEMORANDUM

To: UUA Board of Trustees

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

Re: Budget Submission for 2021-2022

Date: April 22, 2020

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We are pleased to submit to the Board of Trustees for its adoption this budget for Fiscal Year 2021 (July 1, 2020 to June 30, 2021) for the Unitarian Universalist Association. With this budget, the UUA staff will continue its work in three primary mission areas: equipping congregations, training and credentialing leaders, and advancing UU values in the wider world. Importantly, we also present a budget that assumes no layoffs, although we do incorporate a handful of open positions that will go unfilled in FY21.



The administration of the UUA was making steady progress toward meeting our responsibility to present a balanced budget, with staff group leaders joining Carey, Susan, Andrew and Controller Jason LeBeau in a series of budget meetings that occurred the week of March 2, 2020. By the time we came back to the office on Monday, March 9, the state of public health had grown considerably worse and UUA made the decision that afternoon to switch to a remote work environment and halt staff travel.

Over the next couple of weeks, a time where we would have made some hard decisions to close the remaining budget gap, we instead watched all our assumptions about APF, other unrestricted gifts, endowment income, income from outside trusts and Beacon Press surplus sharing become a lot less reliable. At the same time, our plans for travel expenses, meetings and events, to name but a few, became highly questionable in the new environment.

Rather than start fresh with a set of assumptions we had little faith in, the administration chose to present the Board of Trustees its pre-Covid-19 budget. We recognize that the actual results we realize in FY21 will show great variance to these numbers. Our initial thought was that a lot

of the income at risk from the pandemic would be offset by the reduced costs of doing business in a physically distant, work from home world.

Our plan is to provide the Board with very frequent updates throughout FY21 about how our assumptions are holding up. And even before we end FY20 we will share with the board some sensitivity assessments, showing how resilient our financial bottom line is to changes in different scenarios. We will also share more about the pandemic's impacts on the current fiscal year, which may provide some clues about its path forward.

What has not changed in the pre-Covid-19 budget from prior years is our commitment to UUA's ongoing work to build an Association that embodies the beloved community in which people of all identities and backgrounds can thrive, dismantling white supremacy and patriarchy and advancing equity and liberation within and beyond our faith community.

The budget proposal for FY21 includes core investments in the ongoing mission work of the UUA. We anticipate that much of that work may need to shift as result of the forthcoming recommendations from the Commission on Institutional Change, and we have sought to preserve staffing and resources in areas we know will be a focus for these recommendations. Our proposal does not include additional money earmarked solely for the implementation of the COIC's recommendations. We agreed that we needed to be nimble in determining what work could happen in the next fiscal year, and we have identified certain sources of money, such as the Journey Toward Wholeness Transformation Committee, that could be redirected toward COIC recommendations. We look forward to being in ongoing dialogue with the Board about this implementation plan, as we have more time to receive and digest the recommendations.

We have continued to direct resources to the work of our internal staff Justice, Equity, Diversity and Inclusion (JEDI) Team, including funds for individual professional development for staff, one of the key areas identified in the JEDI Team's cultural assessment last year.

Our ongoing investment in the ministries of religious professionals who hold marginalized identities continues, including the annual Finding Our Way Home gathering for UU religious professionals of color and the annual retreat of Transgender Religious Professional UUs Together (TRUUsT). We will maintain financial support for independent identity-



based groups, including funding for EqUUal Access and Diverse and Revolutionary UU Multicultural Ministries (DRUUMM).

The proposed FY21 budget shows an operating deficit of \$247k (an amount that is less than the required budget contingency), and we gratefully accept the Board's willingness to consider a suspension of Policy 2.6.1.1. requiring the administration to submit a balanced budget at the April Board meeting. Again, we anticipate significant changes to the FY21 budget subject to the trajectory of the Covid-19 pandemic, and we will be in ongoing discussion with the Board about how to balance these budget impacts as they become clearer.

To reach our FY21 budget proposal result, while preserving all current jobs in the new environment, we incorporated a number of significant changes:

- Reduce UUWorld publication from four times a year to twice a year, while intending to publishing a new UUA Seeker issue as a sales product. This change reduces our net expense by around \$153k. The gross expense reduction of eliminating two issues is \$213k. We would also lose \$80k in advertising income, however about a quarter of this income is internally generated from Stewardship and Development, Skinner House/Bookstore, and General Assembly.
- Reduce travel expense by \$125k, from \$1.76 million to \$1.64 million. These reductions were applied strategically rather than proportionately across the board, and they were borne by all staff groups and both in staff and non-staff travel budgets. Again, this figure represents our pre-Covid assumptions.
- Elimination of open positions and some strategic restructuring of certain offices in light of upcoming retirements reduced our Salary and Benefit forecast by approximately \$220k.
- Reduce the employer contribution to the UUA Retirement Plan from 11% to 10%. This adjustment takes effect on 1-1-21 and reduces the UUA's annual expense by \$61k in FY21 and by twice this amount in future years.
- Eliminate the cost of living increase for FY21. The annual increase had been at 2% in recent years. This reduces annual expense by \$150k.



We have submitted a budget that makes high-impact investments in key mission areas, including equity and inclusion, while reducing and restructuring investments in other areas to allow the UUA to responsibly steward our faith's resources, remain realistic its revenue projections, and become more creative in addressing urgent challenges. We look forward to further reviewing this budget at the April Board meeting.

