

Treasurer's notes and comments on the Proposed FY20 Budget

This is not the budget I was hoping to present to you. I had been hoping to be able to bring you a balanced budget, but our current reality makes that impossible this year. I will give my personal opinions and feelings about this budget shortly, but first I need to explain a few specific items.

The first of these is the single largest income item on every budget here at TJMC, the Current Year Pledges. I was truly touched by the response to my two recent letters. Along with a number of increases and some new pledges, we also received quite a few one-time donations to help with the deficit. Although such donations can't be included in the budget, they will certainly be applied to the deficit.

However, as we were double checking some of the data, the Pledge Tracker, Cathey Polly, and I discovered a discrepancy in the pledge data that leads us to question the accuracy of the amount that pledge tracking software gives for the FY20 pledge commitment, just over \$335,000. We have enlisted the aid of Trudy Rohm in trying to locate the source of the discrepancy and reach a pledge number we are all confident with. Trudy has been deeply involved in Church finances since well before I joined, and is the person who first drafted me onto the Finance Committee. She is currently the coordinator for the depositors. Her experience will be invaluable in this situation.

We discovered the discrepancy over Labor Day weekend, and this process will take some weeks to complete. Rather than postpone the budget vote at the last minute, we agreed to use the amount currently shown in the budget, \$375,800. I would not have done so without Cathey's specific agreement. Unfortunately, even though my letters have implied we would now have a deficit between \$20,000 and \$25,000, it is now nearly \$40,000.

As soon as we have confidence in our data I will communicate that information to the congregation, along with any steps we are taking to prevent this situation in the future.

The only other income line I feel I need to explain is the Spring Auction. While it may seem that the budget is high compared to last year's income for this event, that is only because that income was significantly lower than usual. There was a last minute change to an on-line auction format, which reduced the income this time. Prior years' Spring Auctions have regularly raised the budgeted amount or more. I am comfortable with this amount.

On the expense side, the vast majority of items were left the same as in the FY19 budget. This includes all of the cuts that were made last year to reduce the deficit. This means there will still be no printed orders of service, staff working from home on Tuesday's, etc. The only items that were increased were some utilities and service contracts such as the cleaning service. These increases are unavoidable.

Obviously, the major differences in the expenses are in the staff compensation:

The Minister's compensation is the amount agreed to by the congregation in June for the severance package.

The Board exercised its option and asked Christina to remain until the end of September since we had not been able to hire a replacement in time for them to start by the end of August. The DAF compensation reflects the three months that she is working for us, along with the four months of pay that her severance agreement specifies.

The "New DAF" is being hired as a 3/4 time position. The amount shown here is pro-rated to reflect a start date of September 16. As I write this I don't know that the Personnel Committee has made any decisions, but I needed to choose a date for budget purposes.

The Assistant Minister pay reflects a strong recommendation from the Personnel Committee to increase Alex's compensation, both as a belated acknowledgment of her ordination and to reflect her willingness to take on some increased responsibilities during this time of transition. This was presented to the Board at one of the meetings this past May, and can be seen on pages 19-20 of the Minutes posted on the website under May 2019 (under "About Us" tab, Board and Governance).

The changes in compensation for the other positions also fall under the umbrella of "Personnel recommendations." The Personnel Committee has been carefully studying staff compensation and how it compares to UUA recommendations. They presented their recommendations to the Board at the August meeting. The Board did accept them in general, and made the indicated changes, although none of the changes were of the magnitude recommended. Even though there were some increases in August, the changes made then actually slightly reduced overall staff compensation.

Finally there is the line "Health Insurance Premium Reimbursement." Back in early 2015 there was a misunderstanding regarding the compensation due when an employee was paying out-of-pocket for external health insurance. This only

affected two of our staff, but it did continue for a few years before being discovered. This amount is what we owe these employees, and is a one-time payment.

Of these expenses, there are only two that can be regarded as one-time costs. One is the reimbursement just discussed, and the other is the severance we will be paying Christina while we are also paying the new DAF. The Minister's compensation is not properly a one-time cost since we expect to be paying an interim of some type next year. That expense is currently expected to be fairly close to the severance we're paying this year. The two one-time costs together total to \$41,790.18, which is fairly close to the deficit of \$39,757.27. We do expect to activate the line of credit this year in order to cover the deficit.

Now for my personal opinion about this budget.

I don't like it.

I don't expect ANYONE to like it.

I hate that we have such a large deficit and will need to borrow money this year. I've been fighting against doing this for several years. The only reason I am OK with it this year is that we are covering one-time costs.

Given the amount of disruption the staff has been through lately I am against reducing any pay. I hate that we had to do that to the Director of Music, even though I understand the reasons.

Given the deficit, I am against giving any raises this year, too. I would like nothing better than to give everyone substantial raises. But we don't have the income. I hate arguing against more money for the people who do so much for us all.

I hate that we couldn't restore some of the services that were so drastically cut last year.

BUT, I hope it passes.

As much as I don't like it, I don't have any other ideas. I can't find anything else to cut. Certainly not \$40,000 worth.

I know a number of you will want to vote "No" on this budget, and I don't blame you. In other years I'd be one of you. But before you vote "No" please consider. What would YOU cut? Whatever it is, it will be the most important part of Church for someone. Would you cut the piece YOU consider most important?

As much as you and I don't like this budget, please pass it.

Stan Walker
Treasurer