

Proposed Budget FY 2024-2025
Budget Memo
April 2024

The Finance Committee unanimously supports this proposed budget and recommends affirmation by the Board.

This budget reflects a collaborative effort by the Personnel Committee, Finance Committee, and staff, with input from committees and groups active in our congregation. This year's budget process began with an early kick-off meeting with members of the Finance and Personnel Committees, Ministry, and staff. In addition to the collaborative meeting, the Board Vice-President, Bev Ryan, again made an inclusive outreach to groups and committees active in our congregation. The early discussion led to a broad discussion and understanding of the ministry priorities, the Personnel Committee's values and goals for staff salaries and benefits, inflationary operating costs, and the congregation's requests to fund the committees and group work. These early and defining conversations help to set priorities and provide an overview of the financial needs and direction of the congregation.

As revenue numbers were honed and understood, and additional information was gathered, funding decisions were made to best meet the needs of the congregation. In some line items historical spending informed decisions. In other areas, the priorities set in January and February influenced final decisions. With the combination of nearly flat revenues and increasing costs and needs, this was not an easy budget to prepare. In the end, the budget addresses our fundamental needs, reflects our values, and meets our priorities as best as we can.

Importantly, this proposed budget is balanced with projected revenues slightly exceeding proposed expenditures. The Proposed FY 24 -25 Budget is \$584,984, an increase of \$11,456 from the Adopted FY 23-24 Budget, which is a modest 2% increase in both revenues and expenditures.

In January and February, the Finance Committee and Board approved the budget assumptions and funding priorities.

- The Board of Trustees and Ministry will continue to emphasize the Developmental Goals, building off of the new mission statement, and developing a Long Range Plan. The proposed budget should support this work.
- The need for building and grounds maintenance and repairs is increasing. A significant amount of work has been deferred over the past years and there is an increased need to make immediate repairs and improvements.
- The Racial Justice line item will change to Justice Ministries to broaden the impact and reflect the inclusivity of the congregation's work in all justice work. i.e. racial, LBGTQ+, environmental, immigration, etc.
- Continue to support Sunday Second Hour to provide childcare for families after Sunday services. This ministry is proving to be of high value in supporting parents and families, enabling a fuller engagement with congregational programs and activities.
- Expand and diversify the voices in Sunday services by increasing resources for guest ministers, faith leaders, and speakers.

- The cost of staff salaries and benefits is increasing. Continue to align staff pay and benefits to our values of fair and equitable pay emphasizing gender equity, providing a living wage, and moving towards fulfilling the recommendations from the UUA.
- Increase funding for the UUA Annual Program Fund.
- Reduce debt by making a payment on the no-interest loan.
- Increase reserve funds.
- Propose a balanced budget.

Revenue

Revenue projections increased from \$573,571 (Adopted Budget FY 23-24) to \$585,037 in the Proposed FY 24-25 Budget.

The following are important notes on revenues:

- Revenues from pledge donations are flat. Pledge donations are 83% of the projected revenue.
- Non-pledge projections donations are decreased. There has been a decrease in one-time donations over the past several years.
- Ongoing Fundraisers for FY 23-24 exceeded projections, so were increased for FY 24-25.
- Building User fees are exceeding revenue projections for FY 23-24 and are expected to continue to see a modest increase for FY 24-25.
- The Endowment Fund has increased, which allows for a larger contribution from the Endowment Fund to support the operating budget.
- FY 23-24 is projected to finish with excess revenue which allows for carry-over revenue from FY 23-24 to support FY 24-25.

Budget Expenditures/Priorities

Expenditure projections increased from \$573,528 (Adopted Budget FY 23-24) to \$584,984 in the Proposed FY 24-25 Budget.

The priorities funded in the proposed budget are:

- **Staff salary increases range from 1% - 6%. This budget also supports an hourly rate increase for Media Services to support online worship services. This is a contracted service paid at an hourly rate. Reverend Temerson offered not to receive a pay increase this year to enable us to meet other funding priorities, most notably, to address gender equity and to take further steps to bring the lowest-paid staff closer to a living wage.**
- An anticipated increase in the cost of health insurance is funded.
- The funding for worship, music, support of the beloved community, and faith witness is flat, excluding additional funds for Second Hour childcare and piano tuning. The budget also includes small amounts of funding for the Young Adult Ministry, Ministry for Earth, and the Women Spirituality group.
- Expenses for congregational administration increased. Contributing factors include the rising costs of utilities for the sanctuary and increased funding for buildings and grounds maintenance. This budget breaks out contractual services for both buildings and grounds maintenance to enable better tracking of costs and maintenance schedules. Specifically, increased costs for buildings and grounds include additional gutter cleanings, minimal funding for tree maintenance, mowing services, and additional pest treatments for Summit House.
- A \$5,000 payment on the unsecured loan.
- Minimal funding for Operation Reserves, Buildings and Grounds Reserves, and the Sabbatical Fund Reserve.

Priorities reduced and items not funded in the proposed budget are:

- Funding to fully support the guest ministers, faith leaders, and speakers. The Ministry Discretionary Fund will continue to be used to support this need.
- Staff Professional Expenses were decreased. The Board should consider reinstating Professional Expenses, based on need, after conducting a mid-year review.
- UUA Program Contribution remains at \$5,000, the same level as in FY 23-24.

Salaries and Benefits

Total Payroll and Staff Benefits decreased slightly, only because Reverend Tim is not receiving a pay increase and Professional Expenses are decreased. This category of expenditures remains at 75% of the budget. This past year the UUA once again modified salary recommendations and the Personnel Committee did an excellent job of reviewing the recommendations, assessing current salaries, and making salary recommendations to the Finance Committee. All the while, keeping our values and goals uppermost in mind. This proposed budget does not meet the goal of all salaries meeting the midpoint of the UUA recommended range but reflects an incremental approach to reaching salary goals and honoring our desire for fair and equitable pay. The salary increases vary from 1-6%. Positions receiving a higher increase have historically been the lowest paid, have experienced gender inequities, and are furthest from the midpoint. Positions receiving a lower increase are at or above the midpoint and historically have been higher paid. Also influencing this category of expenditures is the increase in health insurance. Last fiscal year the increase was 10% and this year the proposed budget funds an anticipated 5% increase.

Conclusion

This proposed budget is the culmination of the work of many people. Thank you to the Finance Committee, Personnel Committee, Bev Ryan (Vice President), and Sean Skally for their work on this budget. A special thanks to Rev Tim for his leadership and Rev Leia for her insights.

Submitted by Kay Frazier, Treasurer