

UCCSM 3-4 YEAR FINANCIAL OVERVIEW

HOW DOES UCCSM WORK?

UCCSM (like ALL UU congregations) is a 'cooperative and shared community.' It operates as a 'commune' where everyone is an owner. There are 314 members and a few friends who, between them, share ALL the responsibilities for meeting the needs of the church. The church has 15 mostly part time staff that serve in 6 full time equivalents (essentially 6 people run the church). However, it is more accurate to say that these six employees are all volunteer coordinators and support volunteers in carrying out the church's operations. UCCSM, like all other UU churches, have 'Congregational Polity' which means we determine what happens.

We have complete autonomy to:

- **Determine our own rules and bylaws**
- **Hire our own staff**
- **Hire, or 'call' the minister of our choosing**
- **Decide the specifics about how we will pursue meaning and serve justice**

And, with all of that autonomy, comes a great deal of responsibility.

We (our 314 members):

- Comprise the vast majority of all work in the congregation including service on the Board of Trustees, Committees, Teaching, offering solace and pastoral care
- Hire and are responsible for the employment of all staff
- Pay dues to the denomination for a variety of services (teaching curriculum, musical resources like hymnals, help training, supporting, finding ministers, two publishing houses, and a partnership with 1100 other UU churches who have a united stance on important social justice issues)
- **And the responsibility to raise ALL the money to pay for it all. UCCSM does NOT receive ANY money from outside sources (like the denomination). ALL our money comes from members and money we can raise ourselves.**

WHERE DOES THE MONEY COME FROM?

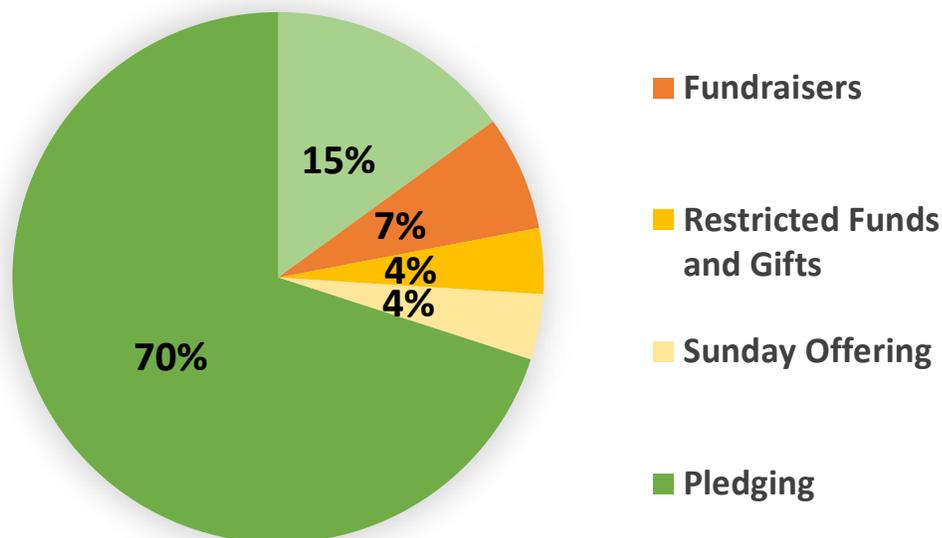
Money comes into UCCSM (like most UU congregations) in one of five ways. Below are very general numbers for the 2017-18 Operating Budget (*these are not intended to be exact numbers. This is an overview for the purposes of general illustration*):

SOURCE OF INCOME	DETAILS	AMOUNT	PERCENT
RENTAL INCOME	(Long and short term rentals)	\$80,000	15%
FUNDRAISERS	(Dining for Dollars, Art Wall etc.)	\$40,000	7%

RESTRICTED FUNDS / GIFTS/INVESTMENT INCOME	Although UUSM does not draw from endowment, as do many churches, it has drawn (the last few years) from restricted funds: 3,500 – Investment CDs 2,500 – Wright Speaker fund 1,800 – Hunger Relief 11,700 – Music restricted donation 3,450 – Dazzle (AV) Fund	\$23,500* (additional ~30,000 is taken from reserves to address deficit. Another ~30,000 is also taken from reserves for uncollected pledges)	4% (15%)
COLLECTION PLATE	Total collection (40% of total collected goes directly to partner with outside agencies who advance our values)	\$21,000** (9,500 goes to GC agency leaving 12,600 for operational budget)	4%
MEMBER PLEDGING and GIFTS	370,000 was pledged and another 7,000 was gifted but almost 10% of pledges were not received.	\$377,000***	70%
TOTAL INCOME		\$541,500	100%

- * We don't have planned income to our operational budget from endowment as some churches do. We have a small income from investment CDs and a variety of restricted funds (many of which do not exist anymore). However, this is where a hidden cost is revealed. There is a \$30K deficit in our operational budget (expenses greater than expected revenue) AND a \$30K shortfall of expected revenue (from uncollected pledges). This is \$60K which requires drawing from reserve accounts.
- ** 40+% goes directly to our partner agency. UUCCSM only collects the amount that is in the parentheses.=
- *** We only have been able to collect ~\$340,000 which represents an 8-9% loss

UUCCSM INCOME

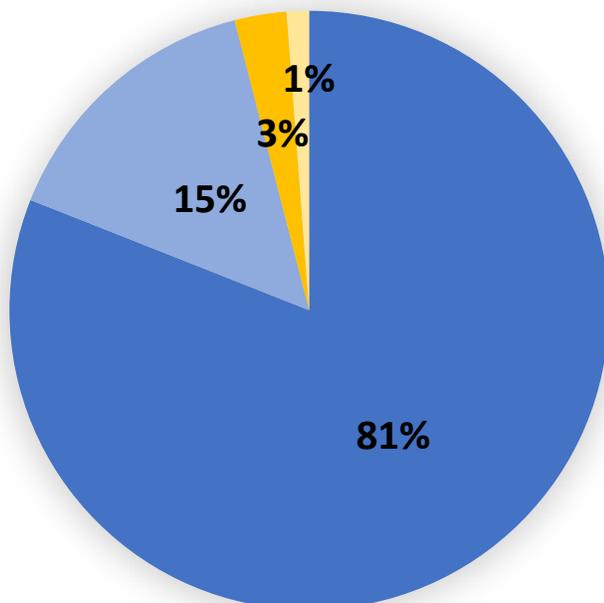


WHERE DOES THE MONEY GO?

This is a very general projection of our 2018-19 preliminary budget. Again, these numbers are not designed to be exact but to provide a basic illustration of our current financial situation.

BUDGET – INFRASTRUCTURAL OVERVIEW			
Category	Description	2018-19 \$	2018-19 (% of budget)
Staff and contract employees	Salary and Benefits (for employees) and contract fees (for 1099s)	\$480,150 We have 12 employees on payroll in addition to a handful of 1099 contracted workers including Guest speakers, guest musicians, Choir Section Leaders, Gardener, Cleaning crew, parking lot attendant etc.	80%
Facility and Operations	Insurance, repairs, utilities, vendors, Office supplies	\$90,000 16,500 (office sup) 30,000 (payroll / banking) 16,000 (insurance/taxes) 12,000 (utilities) 15,000 (general maintenance)	15%
Member Services	Denominational fees	\$17,000 (dues)	2.8%
Programs	Curricula, materials, supplies, services, trainings, Worship, Membership, FIA, etc.	\$13,250 (Membership, Worship, Right Relations, Adult RE, Music, coffee etc.)	2.2%
TOTAL		\$600,000 +*	100%

UCCSM EXPENSES



■ Staff and Contract Employees

■ Facility and Operations

■ Member Services

■ Programming

Essentially, going into 2018-19, we have the same issues that we faced in 2017-18

(\$30,000 deficit in our operational budget – roughly the same expenses being larger than roughly the same revenue; and another potential \$30,000 if we follow the trend of the last few years of collecting only 90% of pledges made).

We also have additional expenses to reckon with: A Developmental minister (and the higher salary which that position comes with – accounting for the increased experience at UUA fair compensation guidelines – AND, a Ministerial Intern that will allow our Developmental Minister to work on the very organizational and infrastructural issues for which we hired a Developmental Minister. The ultimate goal is to shift some attention toward establishing greater financial sustainability and institutional longevity – without significantly reducing attention to basic programs and services).

A HELPFUL OVERVIEW OF UUSM'S FINANCIAL CHALLENGE

Understanding How We Got Here

This is not the first time that UUSM has faced a deficit budget (trouble raising the amount of money to meet current expenses). Over the last 40 years, it has been fairly common place for UUSM to demonstrate hesitancy toward general commitment – especially financial commitment.

In fact, church archives shows a report from the Rev. Josiah Bartlett back in 1972 saying, essentially, the same thing we're seeing today. Rev. Bartlett was a fairly renowned UU minister who Rev. Ernie Pipes asked to come and serve UUCCSM as sabbatical minister for 6 months. Rev. Pipes specifically asked Rev. Bartlett to study what he called a cultural 'apathy' toward commitment and report on what he might understand as its sources and offer possible recommendations. This is essentially what this current report is doing and the findings are quite similar. (Rev. Bartlett, by the way, went on to become president of Starr King School for the UU ministry after he left UUCCSM).

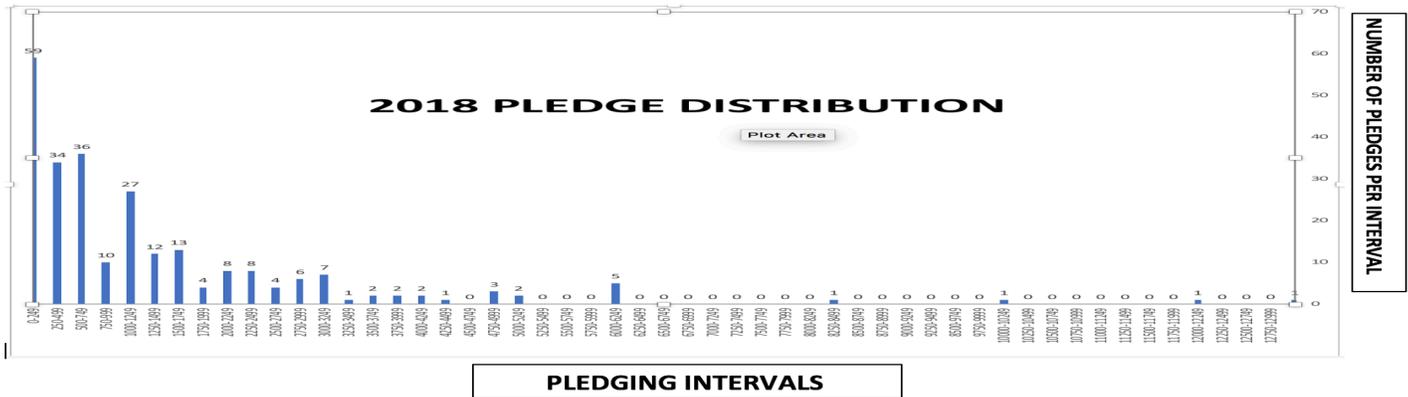
One tactic the church routinely took in past encounters with deficit budget (which many other churches have done as well) was having key leaders turn to a handful of wealthy donors to 'help' or provide 'rescue.' Over the course of time, many such donors made very generous contributions in response.

What we've seen in the last 8-10 years, however, is that many such donors have moved or died or had health concerns curtail their active involvement and support. But although they may have stopped giving directly to the operational budget (both in their pledging and to make up shortfalls) they continued to support UUSM and avert financial problems by giving bequests. These bequests, up until very recently were used to buoy the operational budget.

However, UUSM has recently embarked on conscientious (and healthy) efforts to seek a sustainably healthy financial picture by putting in place some regulation about the use of such gifts. It was the intent of these regulations to try and ensure the long term financial health more than enjoying a comfortable present.

Either on the front end (with pledges and budget shortfall gifts) or on the back end (with bequests), this small percentage of generous donors kept the congregation moving forward. However, a very unintentional drawback also came with their generosity. The congregation was never put in a position to recognize and remedy the low base pledging and work toward educating members and visitors about the real cost of running the church. Now that high donor contributions are reduced or regulated, the congregation needs to finally account for income being so much lower than expenses.

This is what our pledging looks like



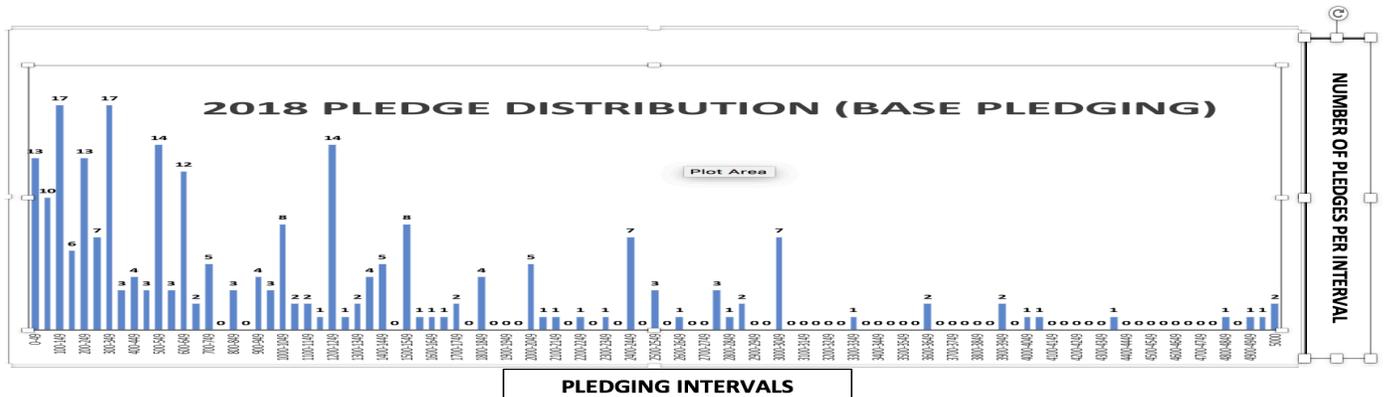
We have approximately 314 members (approximately 250 pledging units, including friends).

You can see from the graph that most of the pledges the church receives falls to the far left of this distribution scale. Our average pledge is \$1400/pledge unit. This is a little bit below what some of the healthy, dynamic congregations of our size and our ‘geo-index’ (cost of living area) are trending. And, it is significantly below what congregations who are in the market for a new minister are showing.

One area of concern is that the median (equal number of pledges on either side that are higher and lower) is \$700. It is a concern when there is a significant difference (doubling) between the median and average pledge. It is an indication that there are a few pledges that are so high they dramatically increase the average.

To see this in a different way, one thing financial consultants do is they look at the giving from ‘the base’. It offers an indication of how healthy and resilient the financial outlook is for a church. To do this, you take out the top 3-4% of the pledges (in this example the top 9 pledges). A healthy, resilient system that is not overly dependent on such a small number of pledges and will not show a dramatic change. But in UUSM’s case, those 9 pledges total more than \$90K. This is 26% of our budget.

If we look at the base pledging for the congregation we see the following:

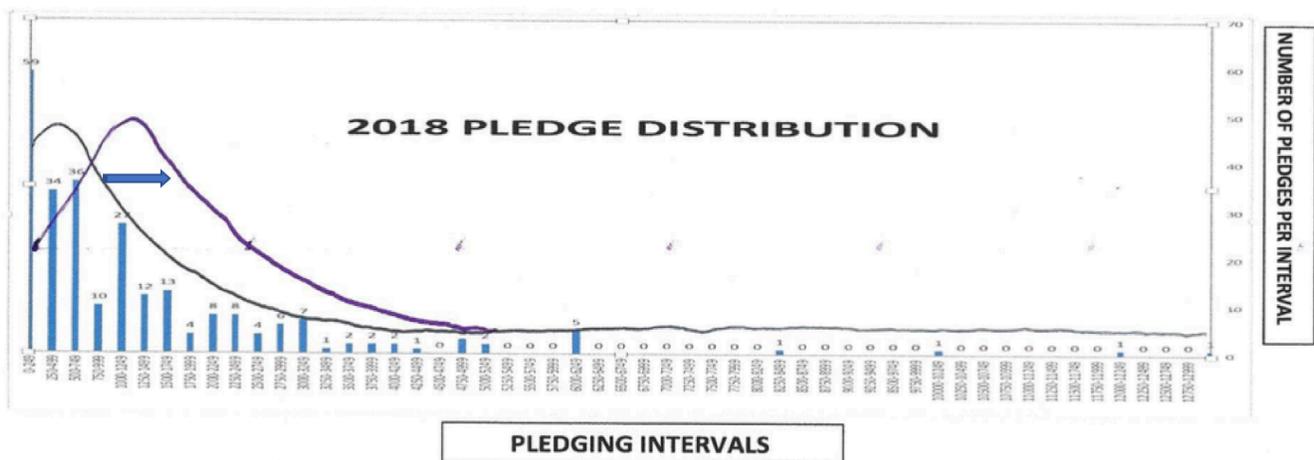


We see the pledging is still very heavily weighted toward the left instead of the more even distribution that would normally be seen from our general population demographics. If we calculate the pledge average from just the base (without the top 9 pledgers), we get \$1100 – a more than \$300 difference (21%). This demonstrates how financially dependent UUSM is on very few people and how these few have become disproportionately responsible for the congregation’s present and future existence.

This is a sign that the congregation needs to diversify in order to become more resilient and better capable of coping with change and challenge (which all churches are going to face in the next 5-10 years).

What is going to be imperative over the next 3-4 years is that we spread the distribution of support over a broader area of the membership, increasing our shared responsibility and decreasing our vulnerability to financial dependency on just a few people.

In short, we need to take a ‘step in the right direction’  increasing our average pledging and shifting our support to the right side of the pledge chart.



(The above graph represents the number of pledges in each pledge category. Starting from \$0, categories go up in increments of \$250 to a total of \$13,000)

There’s another important reason why this matters.

As a Developmental Minister, Rev. Greg is not here indefinitely. He is not a settled minister, but rather, a trained Ministerial Consultant who we have asked to come and help us strengthen our organizational and infrastructural operation (including our financial health). Our aim in asking him to be here is to use his time to help us prepare for our best future possible. Ultimately, his job is to help prepare us to attract a the very best settled minister possible. And, although it may seem early, the time to start working on that is right now.

When any congregation goes into active search for a new settled minister, it finds itself in competition with about 60-80 congregations for the same pool of Minister’s seeking settlement. Any given congregation will be in competition with approximately 10-15 other congregations of a similar size and similar area (or ‘geo-index’). Despite what we might think, ‘inherent worth and dignity’ does not mean all ministers are equally skilled and equally experienced. Ministers are like professionals in every other industry: some have far more experience, skill or even natural talent than others and, therefore, offer greater potential for success to the congregations they serve. Being in competition with 10-15 other congregations for the same ministers means each congregation is working hard to attract the best ones.

The top three factors with which a congregation can attract a minister are as follows:

1. **Salary.** It may be sad and disillusioning to learn that ministers are not completely motivated by altruism and a call to selfless serve the common good. However, such things do not feed the families that congregations expect a minister to have. Ministers want to provide for their families just like every other profession. And the latest statistics from the UUA show that the average student loan debt for UU ministers starting ministry is between \$48K - \$70K.
2. **Staff Support.** Ministers, in general – and certainly the really good ones – are highly motivated to make a difference in the lives of the people and communities they serve. Therefore, they conscientiously look at the systems they would be given and asked to fit into. They are specifically looking to see if there are enough staff and whether those staff are capable and well supported – in salary and program funding – so as to be part of a sustained and cooperative effort.
3. **Signs of Institutional Financial Health.** Is the congregation financially stable? Does it receive consistently strong and broad support? Does the energy go more toward living out the institutional mission or is it merely about self perpetuation and fighting about the money the institution has (or doesn't have)? How healthy is the average pledge in comparison to other churches? Is the congregation paying its 'fair share' in salaries and dues to the UUA?

What this means is that we will need to work over the next 3 years to show clear progress in our financial solvency and resiliency. Our financial challenge didn't come about in one year and it won't be solved in one year. Over the next three years, we will need to focus on the following:

- **Demonstrate an ability and commitment to pass a balanced budget for three years in a row.** Constant money insecurity within a congregation, and the anxiety it creates, is a huge distraction in carrying out an effective mission and a strong factor that will dissuade Ministers from applying and serving.
- **Become fair share in dues to the UUA.** 30-40% of ministers – who are usually the most experienced and skilled – will not apply to churches that are not 'fair share'. Not being fair share – especially chronically not fair share – is an easy red flag re. the level of commitment of members to the mission.
- **Educate members about how the church works financially,** clarifying how to build and become a high expectation / high commitment community and understand why shared responsibility matters
- **Educate visitors about how the church works (300+ people share equal responsibility for ALL the church's spiritual, emotional, intellectual and financial needs) and how / where / why their participation / contribution is welcome and will make a difference.**
- **Recognize how apathy, low expectations and low commitments discourage high expectation / commitment people from joining (the very people we need)**
- **Engage in the stories essential** to community, stewardship and social change
- **Overcome awkwardness and reticence to talk about money** and begin understanding the critical role money plays in the church's vibrant present (and presence) and a healthy future.
- **Choose positive, creative and constructive ways to express hurts and disappointments** rather than through reducing or withholding financial support.

THE GOOD NEWS

It may seem rather surprising to view the following list of things that are in our favor:

- **Donald Trump is president.** The ineptness and dangerous rhetoric of the current administration, the ineffectiveness of Congress, the way lobbyists are corrupting the basic democratic process, the basic human rights and liberties denied to people of color, women, the poor, immigrants and others, and the vulnerability of the environment, as well as programs for health, education and basic welfare services hang in the balance of a very volatile Supreme Court. **RESISTANCE TO THESE TRAVESTIES ARE GROWING. PEOPLE ARE LOOKING TO JOIN TOGETHER WITH OTHERS.** And because they are beginning to understand how HIGH the stakes are, they are NOT looking for LOW commitment communities.
- **We have a denominational president and a Developmental Minister who understand how to ORGANIZE FOR IMPACT.**
- **We have ASTOUNDING POTENTIAL when we couple together** our history working with adversity and social change as well as the caliber of wisdom, experience, integrity and caring within our membership and the urgency of these times we're in – **THIS IS A MOMENT THAT MATTERS.**
- **We have some very generous people in the congregation who are committed to creating an incentive leverage program** to increase both the financial and social generosity in the congregation. Stay tuned for news of how this incentive funding will work.

HIGHLIGHTS OF THE 2018-19 BUDGET

Staffing:

- **Employing a Developmental Minister** to strengthen the organization, infrastructure, leadership and financial health of the institution
- **A Ministerial Intern to provide leadership** to key ongoing programs of Worship, Pastoral Care, Membership, Justice and Community Building.

Leadership:

- **Investing in new members and new leadership** to offer a clarion call to those interested in answering violence with peace, hate with love, greed with generosity and despair with hope.

AN INVITATION

Friends, Rev. Greg and the UCCSM Board of Trustees invites all of us to take a step in the right direction. We hope everyone will do their best so that the congregation can be at its best. And so no one – either currently here as an employee, a member or the people still looking to for a vital, vibrant community to work for love and justice – will be left behind.