

DATE: 03/05/21

TO: First Unitarian Church Board of Trustees

FROM: Financial Oversight Committee  
Non-board: Barb Royal (chair), Becky Evans, Al Powers, Vicki Scott  
Board: Sara Jensen, Andrea LeMeuse, Greg Nichols

RE: Comments on Draft Budget

The FOC met on Thursday, Feb. 25, 2021, to review the draft budget that Charlie had put together.

1. **General Comments** - as a whole the FOC thought Charlie did a great job of taking in all of the requests for funding and laying out the options in a clear and concise manner, including comments about what had been proposed and why, and comparing the proposals to the current year.

He also noted that as pledges are coming in he may be making adjustments to the pledge projections as he sees trends developing. The budget that will go to the board will not be identical to the one we looked at.

2. **COLA** – two proposed budgets were presented, one with and one without COLA increases for all staff. The FOC believes it is a priority to include the COLA increases, at a total cost of \$9,671.
3. **Use of Reserves** – There were mixed feelings among FOC members about the use of reserves, ranging from a) we should avoid that if at all possible; to b) reserves are there for a rainy day, and it's pouring!

One question that no one has a good answer for is how much is a healthy reserve? (e.g., 6, 12, 18 months of operating expenses). Charlie said he'd like to see at least \$100K in savings, plus some in checking.

Given that we have about \$140K in reserves now, the idea of spending about \$80K (based on Charlie's latest projections as of our meeting), seems to be too much, at least to some.

4. **Intern Minister** – This being the largest new expense, it took up a lot of our conversation. This one position would account for about \$24K of the what would be needed from reserves, for a half-time person for ½ of the upcoming church year. It would also commit us to another year and a half of funding this position, which means at least \$48K in the 2022-2023, plus another \$24K or more in 2023-2024. (Saying, 'at least,' since we don't know if there would be required raises during subsequent years.)

One person suggested a separate 'ask' to fund this position (possibly by Stewardship in the fall), and others noted that we've done that before but it couldn't be sustained.

Another question: why would we add another minister when membership is down, and it wasn't that long since we let Erin go. It was noted that this is 2-year, half-time position,

which would be the cheapest way to increase ministerial presence without a long term commitment. At least one person said the benefits of spending retained earnings for this rainy day would be well worth it. Another noted that we don't have enough in reserves to do it this year and then carry it for another year and a half – we'd have to hope that being back in the building will generate enthusiasm & increased pledging.

It's hard to make a firm recommendation until we know more about what the stewardship team is contemplating.

5. **Teacher Salary** – a few agreed that we don't believe that we should be paying teachers. The church will have the RE program that members are willing make happen.

For now, until it's really known what RE/FF will look like in the coming year, we can probably leave this \$2,500 here.

Recommendation: This a board policy / philosophy question about whether we should pay teachers or expects church members to volunteer.