

Memorandum

TO: Board of Trustees

FROM: Rev. Bill Sinkford, Transition Minister
Traci L. Hughes-Trotter, Executive Director

DATE: May 3, 2023

RE: Draft Fiscal Year 2024 Budget Commentary

Budget Commentary:

How Are the Church Goals Reflected in the 2024 Proposed Budget?

The ET, staff, Board, and some lay leaders have spent the last 8 months reflecting on each of the seven church goals, moving toward agreement about interpretations for each, and exploring ways to monitor or assess congregational engagement. It has been an energizing process, but it is not complete.

It should be possible to draft a much more complete and helpful evaluation of the budget as an expression of the goals when the initial interpretations and agreements about assessment take a firmer shape. Until that occurs, tying goal implementations to specific budgeting priorities is premature.

We want to name three cautions:

First, Unity Unitarian, whose Policy Based Governance (PBG) model All Souls has elected to follow, took over two decades to come to an approach for naming “Ends” or goals and agreement on how to assess progress. There were many starts and stops, resets and reboots through two long-settled ministries and the failed search that the congregation experienced last year. All Souls is attempting to perfect this system in a matter of months. Urgency and perfectionism are two of the qualities of the culture of white supremacy. Both work against depth and broad agreement. All Souls would do well to give itself time for this process to be done thoughtfully, broadly, and well.

Second, 70% of the budget is devoted to salaries. This is true for most churches, unlike the non-profits for which the PBG system was designed. Not all, but most of the shifts in resource allocation required to deepen engagement with the goals and re-align emphasis will be accomplished by reallocating time for existing ministers and staff.

Third, the governance model assumes that the Executive Team (ET) directs all the ministries of the church. And that all those ministries understand themselves to be accountable to the ET. That assumption is truer for the worship, music, and religious education ministries which have

significant staff leadership. It is less true for our Justice Ministries in which lay leadership plays a larger role. It is far from true for the ministries done in the many identity and function-based groups (the “souls” groups, Geo groups, Archives, Gardening, Lunches, Covenant Groups...etc.) Some of these groups do rely on the ET/staff to provide space in the building and/or access to communication vehicles, but few understand themselves to be accountable to the ET/staff in any meaningful way.

The success of fundraising this year prevented the need to immediately and dramatically downsize the All Souls staff/ministry. However, one year cannot create a culture of generosity. The budget the ET is presenting is still modestly out of balance. We have been able to get close to sustaining the ministry as All Souls has it is known. However, increasing financial resources in one area would require reducing in some other area. As the largest percentage of the budget is devoted to personnel costs, reducing staffing and benefits is a social justice and moral decision that must be made in consultation with the Board. It is the experience of the ET that the Board has been reticent in recent years to consider such reductions in costs that are contrary to the church’s values. Additionally, it is unclear to the ET that reducing resources for areas of strength would benefit the church overall. Our recommendation is to approve this budget and to review both income and spending on a quarterly basis as All Souls moves through the next church year.

Finally, an approach to priority setting for the 2024 FY:

It is not possible to prioritize “every good thing.”

Our first lens will be to take the requirement for presenting a set of strategic priorities as the opportunity to plan focus of resources (staff and volunteer time and energy as well as \$) for the coming year.

We see 4 critical priorities (not in rank order):

1. Staffing: Much ET time will be consumed in searching and hiring new staff, onboarding and staff re-covenanting. We will function with “acting” Directors for Music and Arts and Religious Education, hiring for Youth Ministry, two Assoc. Directors of Music, Database Management, and one ½ time Development position.
2. Building Repairs: Coming to an agreement on a plan to address the urgent building issues will be a central focus. Determination of possibilities of staging work, fundraising, possible interim debt financing and longer-term financial planning will all need to be done thoughtfully and well.
3. Connection/Regathering: Sustaining the energy around re-gathering will be the third priority. This includes rolling out the new Core Connections modules and deepening the Congregational Care infrastructure. There is some indication that All Souls is regathering. Membership (Voting Membership) grew this year from 765 (2021) and 717(2022) to 784 this year (just computed). This is up 9% vs. a year ago and +2.5% vs 2

years ago. We are making progress, and All Souls will need another two years to fully realize the new normal of membership.

4. 8th Principle: Moving the 8th Principle and our AR/AO/MC transformation to the next level will be an ongoing priority. This will include, we believe, movement toward congregational re-covenanting after the current stress and distrust we are currently living through.

The second lens we use begins with the ranking of engagement with the 7 Church Goals, done by the Board at its April 15, 2023, retreat. The Board was asked to rank the seven goals from “most fully embodied” (7) to “least fully embodied” (1).

Least Embodied

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|----------------|--|
| #5 | Connect, Well Maintained Bldg |
| #1 + #4 (Tied) | M/C Community, 8 th Principle |
| #2 | Welcoming |
| #6 | Local Partnerships |
| #7 | Love and Care |
| #3 | Spiritual Lives |

Most Embodied

The ET believes our collective charge should be to maintain areas of strength in the All Souls ministry (first) and to imagine/implement efforts to improve the areas of greatest relative weakness.

Goal #3 (Deepen Spiritual Lives)

Sustaining quality worship and religious education is a top priority in sustaining Goal #3. We already allocate significant resources (Ministry, Music, RE staffing, and programming).

The Core Connections programming (initiated by the 8 Team, now embraced by ASD, Archives, Congregational Care, Social Justice, and others) is the primary initiative. Support for Core Connections comes from re-allocating Ministry and significant lay leadership resources rather than budget shifts.

Goal #7(Love and Care for One Another)

Reconnection is a primary focus for FY2024. Core Connections plays a role. The continued build-out of the Congregational Care Advisory team is important (using a re-allocation of Ministry time and significant volunteer energy). The fundraising outreach to individuals and families led with questions of reconnection.

The Goals considered least fully embodied were:

#5 (Connect in New Ways in a Well-Maintained Historic Building)

The urgent building repairs will require significant funding. That spending will not be shown in the budget (These will be recorded as Balance Sheet transactions.) The Board should know that we are already allocating \$800,000 in grants, over \$300,000 from the Employee Tax Credit, and almost \$100,000 in deferred endowment distributions to that effort before additional fundraising.

The Core Connection programs, the new Social Justice lecture series, new covenant groups, and a move toward re-covenanting will all speak to this goal as well.

Goals #1 and #4(Diverse Spiritual community and the 8th Principle)

The focus for the next year will be on collaboration with the Board, the 8 Team, and the ET to determine how we can assess engagement and move forward effectively. The current racialized responses to staffing changes highlight the need for deeper work.

Here are the highlights of the FY 2024 Budget:

- \$44,853 deficit
- \$1.454M in pledges. Based on actual pledges received during the As Love Shows Us How Campaign
- Includes a 2% shrinkage provision against unrealized pledges. A 2% estimate of unfulfilled pledges is standard for churches the size of All Souls and has not been included in previous budget cycles.
- Assumes 5% distribution from endowments
- Phased in increases compensation to new UUA guidelines
- Provides COLA Increases for staff
- Maintains \$60,000 UUA contribution, but not a movement to Fair Share as we had hoped. The UUA Fair Share for All Souls is \$105K.
- Includes a part-time development position to help create fundraiser and establish a long-term development plan for All Souls.
- Restores professional development budgets for staff.