

Revised 5/16/2024

## 2024-2025 Narrative Budget

### Introduction

This budget presents a projected \$10,313.57 deficit, despite the Board's successful efforts throughout the past year to increase income from rentals and decrease operational expenses where possible. (For details, see this year's Board report, and below.)

In large part, this deficit is due to continued declines in total pledged contributions over the past several years, while many of our expenses have increased in ways over which we have little or no control. Pledged contributions are down more than \$13,000 from the 2021-2022 FY budget.

The Board considers this to be an "austerity budget", with as many areas as possible over which we have some control trimmed to a minimum, yet still maintaining our congregation's lasting commitment to fair pay for our minister and staff.

While this is a large projected deficit, even with the cuts from requested/desired amounts, the Board believes that we can meet our expenses through use of our cash reserve funds, although care to avoid extra non-budgeted expenditures will be needed. With the re-establishment of a Stewardship and Fundraising Team in December 2023, who have already done amazing work especially in the area of increasing one-time contributions, we should be able to offset the deficit of the 2023-2024 budget plus carry over money into the cash reserve for 2024-2025.

### The Budget Creation Process for 2024-2025

Because this year's process again included having to make some very difficult decisions, we would like to share again how the proposed budget is created:

- The Operating Budget Committee (OBC - made up this year of your Board President, President-elect, and Treasurer) gathers information on current pledges, other income, and current expenses, and asks for expense requests from our Ministry Teams and Board Committees
- The OBC creates a draft budget based on that information and presents it to the Board. This year, that included three possible scenarios based on different possible incomes and/or types of cuts
- The Board, including the Minister, works to bring the draft budget toward balance using previously-established Budget Guidelines, which outline parameters for an acceptable deficit and steps to take if a deficit is too high to be acceptable

- The Board, with the Minister, agrees on a proposed budget and brings it to the congregation for approval at the annual congregational meeting

The 2024-2025 draft budget created by the OBC originally included a deficit of more than \$42,000. Your Board of Trustees worked with the Stewardship Team to develop additional income, and made some significant cuts in expenses. Those cuts are summarized here:

- Reduced contribution to the UUA Annual Program Fund to a minimum, similar to the amount in the 2022-2023 austerity budget.
- Reduced contributions to MOSES and DSC.
- Salary increases to align with UUA guidelines, but:
  - Do not offer minister and staff bonuses
  - Decrease non-ministerial staff professional development funds to 2.5%-5% (from our standard 10%)
- Reduced program expenditures from those requested by 15% or more

Your Board is of the opinion that ongoing deficit budgets, as have been the case for at least the past four years for this congregation, are not sustainable. If income, especially pledged income which is our primary source of revenue, does not increase significantly in the next few years, the congregation may in the future be faced with very undesirable alternatives in order to function.

## Summary of the Numbers

### Income

Total projected income for FY 2024-25 is decreased by approximately 2.12% from FY23-24, to \$202,489.52.

Contributions pledged are reduced by approximately 7.25% from last year, to \$158,307.12. This number is hard data from the results of the requested renewal of financial commitment forms, as of 5/16/2024. One-time contributions for 2024-2025, in response to Stewardship Team work, are projected to increase approximately 80%, to \$21,047.40, based on trends we are seeing.

Income figures for Reeb Rave, Rummage Sale, and other miscellaneous income are projected, based on extrapolations from 23-24 FY income data, to increase by approximately 1%.

Rental income is projected as \$1,894, again based on extrapolation from 23-24 FY data. This more than doubles the income anticipated in the 23-24 budget, a result of the work done by the Rentals Task Force created by the Board this year, and the filled Office Administrator staff position, which acts as rentals contact and coordinator.

## Expenses

Total projected expenses are budgeted at \$212,803.09, less than 1% increased over the previous year, in part due to cost-saving measures initiated by the Board, despite rising costs in many areas over which we have no control, such as insurance and water/storm sewer fees.

As usual, the largest part of our expenses is fair compensation of our minister and staff, to which our congregation has long been committed. UUA fair compensation formulas include yearly staff increases for cost of living and experience in position. In addition, there is an increase in the Minister's health insurance costs this FY due to the addition of a family member to the plan. Also included in this increase are further adjustments to the salary for our Office Administrator, increasing hours to 14 per week as was found to be necessary for operational needs, and an additional increase for our Music Director based on pre-hire experience that was not compensated in FY 23-24.

Building, administration, and program expenses make up the bulk of remaining costs. Building expenses at \$23,847.00 represent a 2% decrease from the previous year, again related to cost-saving measures initiated in several areas. Insurance costs have increased 11%, and water and storm sewer increases billed by the city have increased 13.3%. These are offset overall by the previously mentioned cost-savings in other areas. Administration costs are decreased overall by 12.68% despite a necessary 60% increase for additional hours to our accountant and smaller increases in some other administrative areas such as costs for the photocopy machine/printer. Some decreases were estimated by projections from actual expenditures in FY 23-24.

Program expenses have been reduced 28%, in line with the above-mentioned austerity measures, returning them to levels from the 2022-2023 budget. Our contribution to the UUA's Annual Program Fund (APF) has been decreased to \$160, removing the increase made in the 23-24 FY budget. (Note: the UUA requested more than \$12,000 based on last year's operating budget.) We continue to support MOSES (Madison Organizing in Strength, Equality, and Solidarity) and DSC (Dane Sanctuary Coalition), but have found it necessary to decrease our contributions by 43% and 66% respectively. Similarly, the funding for our Dismantling White Supremacy Culture work has been decreased by 90% from the increase we made in 23-24, again reflecting the need for austerity measures. These were some of the hardest cuts for us to make, but unless the congregation's reliable income increases substantially, we will not be able to support these programs at the level which we would prefer.