

Congregational Discussion on our Investment in Ministry

September 30, 2018

Questions we will answer:

- Who is the Negotiation Team, and why are they working with Finance and Personnel Committees.
- The budget was voted on in the spring. Why are we discussing money now?
- What are the UUA Recommendations for compensation and benefits?
- Why should we follow the UUA Recommendations?
- What can we afford?

I will address the first and second question.

Dan Rothman, from Personnel Committee, will address the third and forth.

Sandy Frades, from Finance Committee, will address the last, but most significant question.

Why are we discussing money now? and more...

- In Late November, the Search Committee must submit our Congregational Information Package to the UUA which includes our “Compensation Package”.
- The Range of our Compensation Package will affect both
 - The number and seniority of Ministers interested in interviewing with UUCM.
 - The UUCM Operating Budget, potentially for years.

Why are we talking Money?...continued...

- The Compensation Package is part of the Ministerial Agreement which is the task of the Negotiation Team. However, we already have Subject matter experts at UUCM to draw from....
 - The Benefits Committee, in consult with the UUA, has made recommendations about Benefits and their consequences for our staff. They will explain shortly.
 - UUA tools calculate three levels of compensation, depending on the experience level of the ministers being interviewed.
 - Finance Committee has taken these UUA recommended Salary/ Housing and Benefits ranges and has projected their impact on UUCM for the next five years.
- Consider this information for your vote when requested.

Personnel Committee, in consult with the UUA, has made recommendations about Benefits and their consequences for our staff. They will explain shortly.

Search Committee Note

- Your Search Committee is hoping to find a great minister who will stay with UUCM for a long time.
- However, Forecasts should be bounded, and Finance developed a 5 year forecast based on the impact of UUA recommended ranges.
- We are asking the congregation to commit to support a compensation package for 5 years, at which time we can re-evaluate our situation.

Search is looking for a good match for UUCM, that will stay a long time.

Search is looking for a 5 year commitment from our Congregation, to support an agreed upon maximum compensation level.

-The new Minister and their family will be making a major commitment to UUCM.

-We believe that 5 years is an sufficient time period for change, and a good time to reevaluate what is sustainable for us.

However, Forecasts should be bounded, and we requested from Finance, a 5 year forecast on the impact of UUA recommended ranges.

UUA Recommended Compensation by Experience Level

- Minimum: Entry Level, bottom 25% of ministers, still growing into their job
- Mid Range: Proficient Level, Middle 50% of ministers, Possess the full skill set, 7 plus years in the position.
- Maximum: Master Level, Top 25% of ministers, Seasoned Staff who have been there and done it, they are mentors to colleagues and/or leaders within the UUA or other professional organization ...

Regardless of the maximum Compensation Level our Congregation votes to move forward with, Search is going to offer a compensation range based on experience, up to the maximum amount that our Congregation allows. Search Committee's goal is to find the best ministerial match from the ministers interested in UUCM.

5-year plan to support a settled minister

FINANCE AND PERSONNEL COMMITTEES

Presented to Council September 17, 2018

Presented to Congregation September 30, 2018

I'm Sandy Frades from the Finance Committee. Normally Leslie Bennett, our chairperson, would be giving this presentation but she could not be here today so I'm filling in.

Over the summer, the Finance Committee and the Personnel joined forces along with Marti Kennedy from Council to form the Benefits Team to look at what we should be offering our new settled minister and how that would affect our budget.

Today you will hear the results of our collaboration.

Purpose of this presentation

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- ▶ Acknowledge current financial reality:
 - **2018/2019 estimated income: \$207,380**
 - **2018/2019 budgeted expenses: \$241,606**
 - **\$34,226 shortfall covered in 2018/2019 via surplus (similar to 2017/2018 situation)**
- ▶ Present options related to settled minister salary and staff benefits

First we want to acknowledge our current financial reality. We have had a shortfall in our budget for the last two years. We covered the \$34,000 shortfall this year and last year's shortfall with a surplus in our checking account left over from monies not spent in previous years.

But the primary purpose of today's presentation is to present different options for our settled minister's salary and benefits and how that affects other staff and our budget.

At this point I want to turn over the benefits portion of our presentation to Dan Rothman from the Personnel Committee.

Goal: provide wages and benefits that meet UUA guidelines and will attract a minister to meet our needs

Personnel Committee

- ▶ Small congregation: **140 members**
- ▶ Geo Index **4**
- ▶ UUA Salary and housing recommendation:
 - **Minimum: \$51,900**
 - **Mid: \$65,000**
 - **Maximum: \$78,000**
- ▶ UUA benefits guidelines also have a financial impact

2019/2020 Minister pay and benefits:

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**Minister: salary,
housing,
retirement plan
and benefits
costs**

**Meets UUA
recommendations
for ministerial pay
and benefits**

- ▶ Salary and housing: **\$51,900 - \$78,000**
- ▶ Tax Offset in Lieu of FICA: **\$3,970 - \$5,967**
- ▶ Expenses: **\$5,190 - \$7,800**
- ▶ Retirement base + match: **\$5,190 - \$7,800**
- ▶ Benefits (LTD, Life, Medical, Dental): **\$7,968 - \$8,494 ***

For a total Minister pay & benefits:

\$74,219 – \$108,061

Current minister pay and benefits:

\$111,950

* Assumes 40-year old minister with dependents

2019/2020 Administrator & Bookkeeper pay & benefits:

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**Staff of over
1,000 hours -
wages and
benefits**

***Enhance staff
benefits to meet
UUA guidelines for
fair and just
compensation***

- ▶ Wages: **\$40,528**
- ▶ Retirement base + match: **\$4,042**
- ▶ Benefits (LTD, Life, Medical, Dental): **\$5,792 ***

For a total Administrator &
Bookkeeper pay & benefits:
\$50,362

Current Administrator &
Bookkeeper pay and
benefits: **\$41,250**

* Assumes 33-year old administrator with dependent

Assumptions in 5 year plan

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- ▶ **Develop different scenarios related to minister salary and housing that meet UUA guidelines**
- ▶ **Provide staff benefits that meet UUA guidelines**
- ▶ **Hold income flat for the five-year period (except endowment growth income)**
- ▶ **Build in increase assumptions for expected expenses (insurance, utilities, maintenance)**
- ▶ **Include annual 2% wage increases for staff**

As Dan explained, the Benefits Team made the decision that it was important to meet UUA Guidelines in order to attract a minister that will meet our needs and that meant that we needed to also meet UUA guidelines for our staff that worked over 1,000 hours.

So the Finance Committee looked at different scenarios using the Minimum, Mid and Maximum minister salary & housing compensation for our size church. We felt we needed to look out 5 years to see the impact on our budget.

We held income flat except that we allowed for a small growth in the endowment income we are allowed to take out each year for our operating expenses. That means we did not increase pledges, but held pledges at our current level for the 5 year period.

We also increased utilities, insurance and other items that we expect might increase each year.

And we wanted to provide a minimum of a 2% increase for all staff each year.

New minister 1st year expenses

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▶ First year minister conference:	\$ 1,500 *
▶ Moving expenses:	\$15,000 *
▶ Start-up congregational retreat:	\$ 250
▶ Installation:	<u>\$ 1,000</u>
	\$17,750

* UUA recommended amount

There are a few costs we will have the first year with our new minister.

The first year minister conference of \$1500 is only if our settled minister is a brand new minister just out of school and has not had a congregation before.

We are looking at a worst case for moving expenses of \$15,000. The expenses may be much less depending on where our new minister is coming from.

We included costs for a start-up retreat (usually facilitated by someone from the UUA) and for the installation of our new minister.

Two extremes

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Minimum

- ▶ Almost \$40,000 cut in annual Minister total wages & benefits
- ▶ Increase in Administrator benefits
- ▶ Essentially a balanced budget

Maximum

- ▶ Minister total wages & benefits holds steady
- ▶ Increase in Administrator benefits
- ▶ Possible shortfall of \$182,000 over five years

Looking at a Minimum settled minister's compensation that includes salary & housing & benefits for next year, it is almost \$40,000 less than what we are paying now.

This is offset by increased Administrator benefits and increases in utilities, etc.

We end up over a 5 year period with essentially a balanced budget for the Minimum compensation scenario.

Looking at a Maximum settled minister's compensation for next year, it is about what we are paying this year, but we have the increases we already talked about for Administrator and other things. So worst case we could have a shortfall of \$182,000 over the 5 year period.

Remember we are holding pledges flat so any increase in pledges makes the scenario look better.

3 possibilities for Minister

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Minimum

Salary/housing: **\$51,900**

Benefits: **\$22,319**

- Requires a **\$10,000** * investment the first year
- No additional investment thereafter

Mid

Salary/housing: **\$65,000**

Benefits: **\$26,205**

- Requires a **\$27,000** investment the first year
- Total 5-year investment of about **\$94,000**

Maximum

Salary/housing: **\$78,000**

Benefits: **\$30,061**

- Requires a **\$44,000** investment the first year
- Total 5-year investment of about **\$182,000**

Investment = withdrawal of monies from the endowment

* This \$10,000 is less than the special Minister 1st year costs of just over \$18,000

Looking at Mid ministers compensation along with the extremes we just looked at, we can see that for the Mid range settled minister's compensation we have a worst case shortfall of \$94,000 over the 5 year period and again for the Maximum minister's compensation a \$182,000 shortfall.

We are looking at the shortfalls as an opportunity to invest in our future by using money from our endowment. We currently have about \$800,000 in our endowment.

We learned late this week that the UUA possibly plans to raise the salary & housing numbers for 2019-20 by 1.8%, but we do not have confirmation of that yet. Even so this would have a minimal impact on our investment.

What do we do?

Finance committee recommendation

Assumes commitment that would be re-evaluated at the end of the 5-year period

- ▶ Adhere to UUA benefits guidelines
- ▶ Offer somewhere between mid and maximum salary and housing
- ▶ Plan for modest staff increases annually
- ▶ Make congregational investments - from the endowment and in terms of time, energy, outreach, mission/vision

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The Finance Committee recommends the following:

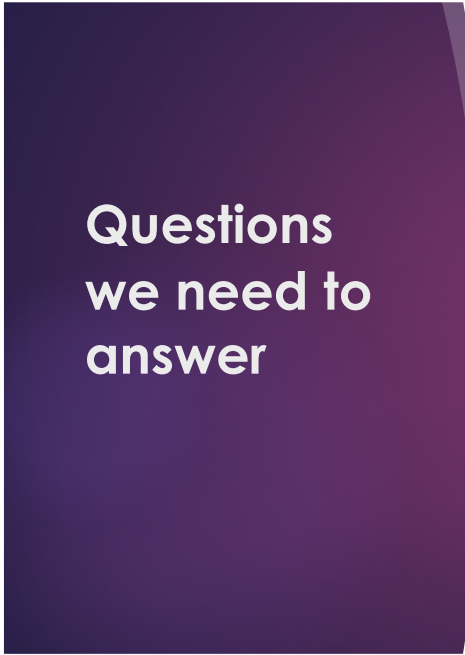
Adhering to the UUA Guidelines is a good thing that will attract the kind of settled minister we need.

Offering a salary range for the position and negotiating the exact compensation based on experience, skill set and other factors.

Offering somewhere between the Mid and the Maximum Salary & Housing is a good thing that will attract the kind of settled minister we need.

Giving modest staff increase is a good thing that will keep our staff.

What we need to do is make the congregational investments - from the endowment and our own personal commitment in terms of time, energy, and outreach.



Questions we need to answer

- ▶ Are we willing to invest in a new minister?
- ▶ Are we willing to invest in compensating employees fairly?
- ▶ Are we willing to work with our new settled minister to articulate and advance our mission/vision?
- ▶ Are we willing to increase community outreach?
- ▶ Are we willing to stick to this plan for 5 years?
- ▶ Are we willing to invest in the future of UUCM?

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Before going over the questions we need to answer, let's go over a few things.

Doing everything the way we do it now is not the answer to growing our congregation. We need to find ways to draw the community through our doors and that involves changing the way we do some things. Change doesn't happen overnight. We need to give our settled minister and ourselves time to find a way to become self-sustaining. 5 years seems a long enough time to achieve this goal.

If you look at the numbers, for a minister's salary & housing in the Mid range and a \$94,000 investment from our endowment, a 3% increase in pledging each year over the 5 year period makes a balanced budget in year 5. For a minister's salary & housing in the Maximum range and a \$182,000 investment from our endowment, a 5.5% increase in pledging each year over the 5 year period makes a balanced budget in year 5.

Now to the questions we need to answer -

**“Do something today
that your future self will
thank you for.”**

ANONYMOUS

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QUESTIONS?

Finally we believe we must be open and honest with our settled minister candidate about this plan. We have been told that this would not be scary to someone who likes a challenge. In addition, most ministers these days stay in one congregation for only 5-8 years. So worst case if this plan fails to provide the growth we need, having our settled minister move along after 5 years is not unusual. Or we find another way that does not involve the minister leaving.

ADDITIONAL INFORMATION

MINIMUM RANGE MINISTER SALARY

Item		Current 2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
INCOME		\$207,380	\$208,100	\$208,842	\$209,605	\$210,392	\$211,203
PLEDGES		\$133,780	\$133,780	\$133,780	\$133,780	\$133,780	\$133,780
PLATE		\$11,500	\$11,500	\$11,500	\$11,500	\$11,500	\$11,500
RENTAL		\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500
FUNDRAISING		\$25,700	\$25,700	\$25,700	\$25,700	\$25,700	\$25,700
ENDOWMENT		\$24,000	\$24,720	\$25,462	\$26,225	\$27,012	\$27,823
OTHER INCOME		\$3,900	\$3,900	\$3,900	\$3,900	\$3,900	\$3,900
EXPENSES		\$241,606	\$218,093	\$203,487	\$207,018	\$210,757	\$214,737
MINISTER PAY & BENEFITS		\$111,950	\$74,219	\$75,724	\$77,239	\$78,784	\$80,359
MINISTER SPECIAL EXPENSES		\$15,250	\$18,250	\$250	\$250	\$250	\$250
CUSTODIAN		\$5,720	\$5,832	\$5,947	\$6,063	\$6,182	\$6,304
PROPERTY		\$23,400	\$24,654	\$24,911	\$25,172	\$25,436	\$25,704
ADMIN WAGES & BENEFITS		\$39,000	\$48,049	\$48,990	\$49,951	\$50,931	\$51,930
ADMINISTRATION		\$11,590	\$12,198	\$12,420	\$12,739	\$13,204	\$13,846
MUSICIAN WAGES & BENEFITS		\$16,321	\$16,605	\$16,894	\$17,189	\$17,490	\$17,797
MUSIC		\$450	\$450	\$450	\$450	\$450	\$450
BOOKKEEPER WAGES		\$3,100	\$3,162	\$3,225	\$3,290	\$3,356	\$3,423
RELIGIOUS EDUCATION		\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300
WORSHIP		\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
COMMITTEES		\$3,100	\$3,100	\$3,100	\$3,100	\$3,100	\$3,100
DENOMINATIONAL		\$4,300	\$4,150	\$4,150	\$4,150	\$4,150	\$4,150
PLATE SHARE		\$4,025	\$4,025	\$4,025	\$4,025	\$4,025	\$4,025
INCOME LESS EXPENSES		(\$34,226)	(\$9,993)	\$5,355	\$2,588	(\$365)	(\$3,535)
	INVESTMENT COST						(\$5,950)

MIDDLE RANGE MINISTER SALARY

Item		Current 2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
INCOME		\$207,380	\$208,100	\$208,842	\$209,605	\$210,392	\$211,203
PLEDGES		\$133,780	\$133,780	\$133,780	\$133,780	\$133,780	\$133,780
PLATE		\$11,500	\$11,500	\$11,500	\$11,500	\$11,500	\$11,500
RENTAL		\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500
FUNDRAISING		\$25,700	\$25,700	\$25,700	\$25,700	\$25,700	\$25,700
ENDOWMENT		\$24,000	\$24,720	\$25,462	\$26,225	\$27,012	\$27,823
OTHER INCOME		\$3,900	\$3,900	\$3,900	\$3,900	\$3,900	\$3,900
EXPENSES		\$241,606	\$235,079	\$220,818	\$224,696	\$228,789	\$233,129
MINISTER PAY & BENEFITS		\$111,950	\$91,205	\$93,056	\$94,917	\$96,815	\$98,751
MINISTER SPECIAL EXPENSES		\$15,250	\$18,250	\$250	\$250	\$250	\$250
CUSTODIAN		\$5,720	\$5,832	\$5,947	\$6,063	\$6,182	\$6,304
PROPERTY		\$23,400	\$24,654	\$24,911	\$25,172	\$25,436	\$25,704
ADMIN WAGES & BENEFITS		\$39,000	\$48,049	\$48,990	\$49,951	\$50,931	\$51,930
ADMINISTRATION		\$11,590	\$12,198	\$12,420	\$12,739	\$13,204	\$13,846
MUSICIAN WAGES & BENEFITS		\$16,321	\$16,605	\$16,894	\$17,189	\$17,490	\$17,797
MUSIC		\$450	\$450	\$450	\$450	\$450	\$450
BOOKKEEPER WAGES		\$3,100	\$3,162	\$3,225	\$3,290	\$3,356	\$3,423
RELIGIOUS EDUCATION		\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300
WORSHIP		\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
COMMITTEES		\$3,100	\$3,100	\$3,100	\$3,100	\$3,100	\$3,100
DENOMINATIONAL		\$4,300	\$4,150	\$4,150	\$4,150	\$4,150	\$4,150
PLATE SHARE		\$4,025	\$4,025	\$4,025	\$4,025	\$4,025	\$4,025
INCOME LESS EXPENSES		(\$34,226)	(\$26,979)	(\$11,976)	(\$15,090)	(\$18,397)	(\$21,927)
	INVESTMENT COST						(\$94,370)

MAXIMUM RANGE MINISTER SALARY

Item		Current 2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
INCOME		\$207,380	\$208,100	\$208,842	\$209,605	\$210,392	\$211,203
PLEDGES		\$133,780	\$133,780	\$133,780	\$133,780	\$133,780	\$133,780
PLATE		\$11,500	\$11,500	\$11,500	\$11,500	\$11,500	\$11,500
RENTAL		\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500
FUNDRAISING		\$25,700	\$25,700	\$25,700	\$25,700	\$25,700	\$25,700
ENDOWMENT		\$24,000	\$24,720	\$25,462	\$26,225	\$27,012	\$27,823
OTHER INCOME		\$3,900	\$3,900	\$3,900	\$3,900	\$3,900	\$3,900
EXPENSES		\$241,606	\$251,936	\$238,017	\$242,239	\$246,683	\$251,381
MINISTER PAY & BENEFITS		\$111,950	\$108,061	\$110,255	\$112,460	\$114,709	\$117,003
MINISTER SPECIAL EXPENSES		\$15,250	\$18,250	\$250	\$250	\$250	\$250
CUSTODIAN		\$5,720	\$5,832	\$5,947	\$6,063	\$6,182	\$6,304
PROPERTY		\$23,400	\$24,654	\$24,911	\$25,172	\$25,436	\$25,704
ADMIN WAGES & BENEFITS		\$39,000	\$48,049	\$48,990	\$49,951	\$50,931	\$51,930
ADMINISTRATION		\$11,590	\$12,198	\$12,420	\$12,739	\$13,204	\$13,846
MUSICIAN WAGES & BENEFITS		\$16,321	\$16,605	\$16,894	\$17,189	\$17,490	\$17,797
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RELIGIOUS EDUCATION		\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300
WORSHIP		\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
COMMITTEES		\$3,100	\$3,100	\$3,100	\$3,100	\$3,100	\$3,100
DENOMINATIONAL		\$4,300	\$4,150	\$4,150	\$4,150	\$4,150	\$4,150
PLATE SHARE		\$4,025	\$4,025	\$4,025	\$4,025	\$4,025	\$4,025
INCOME LESS EXPENSES		(\$34,226)	(\$43,836)	(\$29,175)	(\$32,634)	(\$36,291)	(\$40,179)
	INVESTME NT COST						(\$182,114)