



Future of Stewardship Committee Report

May 22, 2017

1. Introduction and Summary of Recommendations

From January – April, 2017, the Future of Stewardship Committee was convened and charged by the UUCB Board of Directors to recommend means for UUCB to stabilize, diversify or grow its fiscal support. Committee members are Ann Conners (Congregation member, Development Director at Sycamore Land Trust), Helmut Hentschel (Board At-large Director), Mary Ann Macklin (Senior Minister), Drew Schrader (Stewardship co-chair), and Von Welch (Board President).

The Future of Stewardship Committee met six times and this report represents their recommendations to the Board of Directors regarding how to improve and expand UUCB's current Stewardship activities to meet current and future fiscal needs. The committee's Recommendations are:

1. Stewardship improvements should focus on increasing UUCB's operational budget by \$90,000 to meet its Sustainable and Fair Compensation goals, and developing a six month operational reserve of \$350,000 to mitigate risks related to operational funding shortfalls.
2. Our pledge communications should be strengthened by highlighting past UUCB impacts and near-term plans, and by increasing their level of personal tone.
3. UUCB should organize a group of volunteers with interest and/or experience in grant writing to monitor potential grant sources (UUA, MidAmerica Region, Center for Congregations, etc.) on an ongoing basis and write grants as appropriate to supplement the Operational Budget.

4. UUCB should continue to explore Stewardship for live streaming and other electronic means, particularly given the growing attendance via live stream. For example, online alternatives to the Offertory.
5. The Board and Finance Committee should consider if there are portions of the Operational Budget that could be covered by targeted fund raising, and use such fund raising to allow those funds to cover other part of the Operational Budget.
6. Given the operational costs with supporting non-operational activities, UUCB should considering modifying their bylaws and other relevant policies such that some fraction of funds that currently go to SPF, including those through Planned Giving, go to an operational reserve.

The remainder of this report reiterates these recommendations and provides background.

2. UUCB Stewardship Overview

Fundraising support at UUCB falls under the Stewardship activity¹. Raised funds primarily go into either the Operational Budget, the Special Purposes Fund (SPF), or Capital Campaigns. Other destinations include the Minister's discretionary fund as well individual social justice committees; however these are relatively small and outside of the scope of this report.

The following sections review the Operational Budget, the Special Purposes Funds, and Capital Campaigns, and how Stewardship funds each, and how each supports the UUCB. Unless otherwise stated, all fiscal numbers are for the 2016-17 UUCB fiscal year.

2.1 Operational Budget

The UUCB Operating Budget is \$637,909. The vast majority, over 73%, is salaries for the UUCB ministers and staff. Other significant expenses include committees and programs (~\$10k), denominational support (~\$42k), office expenses (~\$22.5k), and facilities (~\$93k).

Over 85% of the UUCB operational budget income (\$544,000) comes from pledges made during the annual pledge campaign. Other regular fundraising for the operational budget includes the Sunday Plate (or Offertory), and fundraising activities such as grocery card sales, the Good and Service Auction, and the Bazaar.

¹ <http://www.uubloomington.org/stewardship/>

UUCB is striving to compensate its ministers and staff at the levels recommended by its Sustainable and Fair Compensation (SFC) Committee². This will require an Operational Budget increase of approximately \$90,000³.

UUCB currently has negligible operational reserves (less than \$3,000 per the September 30, 2016 Balance Sheet report to the Board).

2.2 Special Purposes Funds

The Special Purposes Fund (SPF) is defined by Section 7 of the UUCB bylaws and currently consists of approximately \$240,000. It is managed by the SPF Committee, an independent committee from the Board of Directors.

The bylaws (§7.2) restrict the use of general SPF funds to non-operational expenses (though it can be used to pay principal on debts, for upgrades part of maintenance replacements, and, per §7.7, to make unrestricted loans to the UUCB). Hence the SPF is typically used for one-time expenses such as remodeling, expenses related to ministerial search and relocation, celebrations such as installations and ordinations, and social justice activities. The SPF Committee decides on the suitability of requests made for SPF funds.

The only foreseen large use for the SPF funds is to purchase the property neighboring UUCB if it were to come up for sale⁴.

The main source of income to the SPF is donations. As specified by the bylaws (§7.1), donations to the UUCB, which are not so otherwise directed, are placed in the SPF. In practice this means pledges and income from regular fund-raising activities go to the Operational Budget, and donations outside of these activities go to the SPF.

The Planned Giving activity encourages friends and members of UUCB to include UUCB in their estate planning. As of December 2016, 47 households, 15% of member households, have indicated they have included UUCB in their estate planning (Planned Giving does not request details). At this time it appears, unless donors have otherwise specified, these donations will go into the SPF.

² See UUCB 2014 Annual Report: <http://www.uubloomington.org/uucb/2014AnnualReport.pdf>

³ April 3, 2017 Prologue: <http://myemail.constantcontact.com/Your-April-3-Prologue-is-here.html?soid=1109673758507&aid=EygH4W9seeA>

⁴ Belcher Property Committee Report, April 12, 2010.

2.3 Capital Campaigns

UUCB's most recent capital campaigns were in 1997, for \$750,000, and the Green Spaces capital campaign in 2012, for \$1,000,000⁵. The primary goals of these campaigns were expansions and improvements to the physical UUCB building.

The campaigns were successful, though pledge payments for the Green Spaces campaign ended up falling short by about \$40,000 and had to be covered by SPF⁶. Five percent of the funds from the Green Spaces campaign were set aside for social justice and the Green Sanctuary task forces.

The committee noted that the UUCB property, whose mortgage is relatively small and will be paid off in the next few years, could represent considerable value, especially as Indiana University's plans to develop a hospital along the SR-45/46 bypass come to fruition. However the committee did not discern any Stewardship implications of this.

3. Committee Recommendations

While UUCB Capital Campaigns and the SPF have their challenges, the committee sees the biggest challenges to the Operational Budget. Specifically UUCB's inability to compensate its ministers and staff in line with its Sustainable and Fair Compensation (SFC) goal means UUCB is not paying ministers and staff prevailing wages compared to comparable non-profits in similarly-sized cities. Besides being an ethical shortcoming, this puts UUCB at risk of retaining staff or not being able to competitively hire. The minimal operational reserves leaves UUCB with little safety margin if pledges should falter.

Hence:

Recommendation 1: Stewardship improvements should focus on increasing UUCB's operational budget by \$90,000 to meet its Sustainable and Fair Compensation goals, and developing a six month operational reserve of \$350,000 to mitigate risks related to operational funding shortfalls.

The remainder of our recommendations focus on improving pledging (the main source of Operational Budget funds), other means of increasing the operational budget, and means of growing an operational reserve.

⁵ December, 2010 Congregational Meeting minutes:
<http://www.uubloomington.org/uucb/govt/mtgmins/2010-12-12CongMtgMin.pdf>

⁶ See Board meeting minutes from March to May of 2015.

3.1 Improving Pledging

Currently pledges are over 85% of the UUCB Operational Budget. Based on the historical pledge data (see Appendix C), the average annual increase during the period from 2010-2017 is 4.34%. Hence, normal pledge increases will not allow UUCB to meet its goal of Sustainable and Fair Compensation much less build an operational reserve in any reasonable timeline.

The committee examined current pledging practices for possible improvements. The perspective of Ann Conners, as a professional fund raiser and current Development Director of Sycamore Land Trust, was invaluable in this process. The committee noted our pledge practices often had spartan communication compared to other organization's fund raising activities. Hence:

Recommendation 2: Our pledge communications should be strengthened by highlighting past UUCB impacts and near-term plans, and by increasing their level of personal tone.

Some specific suggestions from the committee:

1. The letters sent to members at the start of the pledge campaign and with updates on their pledge payments are minimalist, focusing on facts. These should emphasize UUCB's impacts enabled by pledges, as well as being warm and addressing recipient like family. Inclusion of timely matters should be considered.
2. The pledge campaign should express large sums as smaller amounts (e.g. amount per member) to make them less scary.
3. When payment of a pledge is completed, a letter thanking the donor should be sent.
4. It is common for fund raising organizations to write annually a brochure highlighting their impacts. UUCB should consider something similar, including how UUCB impacts the community, environment, etc.
5. The congregation may not be aware of the demands placed on the ministers and staff by social justice and pastoral activities, all of which are made possible by the Operational Budget and hence pledging. Educating the congregation on the operational funding implications (e.g. minister staff time) of social justice and other activities could encourage pledging.

We note from the historical pledge data that approximately 90% of pledges made by the congregation are honored and paid (though perhaps in a later year). Hence believes no additional effort is called for at this time to ensure made pledges are paid.

3.2 Other Means of Increasing the Operational Budget

While the majority of the Operational Budget comes from pledging, UUCB does undertake a number of other activities that raise operational funds - e.g. Goods and Services Auction, the

Bazaar, the Offertory, selling grocery cards. The committee explored additional means to diversify Stewardship and income for the Operational Budget.

UUCB has had success in grant-writing, for example, the Connections Coordinator was originally funded by a Chalice Lighter grant, and a Technology and Ministry Grants Initiative (TMGI) from the Center for Congregations provided nearly \$30,000 in funds for technology upgrades⁷. The Monroe County Public Library Nonprofit Central⁸ and the United Way of Monroe County Nonprofit Resources⁹ offer valuable resources for grant writing. Hence:

Recommendation 3: UUCB should organize a group of volunteers with interest and/or experience in grant writing to monitor potential grant sources (UUA, MidAmerica Region, Center for Congregations, etc.) on an ongoing basis and write grants as appropriate to supplement the Operational Budget.

The number of people watching our services via livestreaming is a small percentage of total attendance, but growing. In March of 2016, it was typically in the teens¹⁰. Hence:

Recommendation 4: UUCB should continue to explore Stewardship for live streaming and other electronic means, particularly given the growing attendance via live stream. For example, online alternatives to the Offertory.

Based on the success of UUCB's capital campaigns, SPF, and social justice, the committee considered UUCB may be able to raise funds for focuses, particularly social justice activities more readily than Operational Funds, and there is evidence that this sort of fund raising does not negatively impact other Stewardship¹¹. Hence:

Recommendation 5: The Board and Finance Committee should consider if there are portions of the Operational Budget that could be covered by targeted fundraising, and use such fundraising to allow those funds to cover other part of the Operational Budget.

3.3 Building an Operational Reserve

Currently UUCB has no operational reserve, and given unmet demands on its operational budget from its Sustainable and Fair Compensation goals, it seems unlikely to have spare operational funds in the foreseeable future to build such reserves.

UUCB seems very effective at raising funds for capital campaigns, social justice causes, the special purposes fund, and through programs such as Planned Giving. However, these activities

⁷ <http://www.uubloomington.org/uucb/2013AnnualReport.pdf>

⁸ <https://mcpl.info/npc/nonprofit-central>

⁹ <https://www.monroeunitedway.org/nonprofitresources>

¹⁰ Report To Board From Connections Coordinator March 16, 2016

¹¹ <https://christianinvestors.org/blog/hidden-benefits-church-capital-campaign>

require staff and ministerial support, but they do not provide support for staff and ministers since they do not contribute directly to the Operational Budget. Hence:

Recommendation 6: Given the operational costs with supporting non-operational activities, UUCB should considering modifying their bylaws and other relevant policies such that some fraction of funds that currently go to SPF, including those through Planned Giving, go to an operational reserve.

4. Acknowledgments

The committee thank Arzetta Hults-Losensky, UUCB Treasurer, for her assistance in providing and analyzing historical stewardship and other financial data.

Appendix A: Charge to Committee

The charge for the committee, from the UUCB Board of Directors:

The Future of Stewardship Committee is charged with recommending to the Board of Directors changes and new initiatives that UUCB should undertake to stabilize, diversify or grow its fiscal support. The Committee should consider changes such as the decreased carrying of cash by Sunday service attendees, and the increasing online view of services versus in-person attendance. The Committee should consider both changes to the existing fund-raising efforts (Stewardship Campaign, Sunday Plate, etc.) and new efforts that could be undertaken. The Committee is encouraged to consider lessons learned from other congregations (UU or otherwise) and non-profits.

The Committee's report to the Board is requested at the Board's April meeting (currently April 19th). Preliminary reports and discussions with the Board are welcome.

Appendix B: 2012 Stewardship Assessment Report and Progress

From 2013 Annual Report¹²:

Jackie Hall and Mary Boutain presented on the Stewardship Assessment report. First they noted we should congratulate ourselves for a successful \$850K Green Spaces capital campaign in addition to a annual \$450K annual operational campaign during poor economic times.

They noted you can view the Stewardship Assessment Report online:

<http://www.techwerks.tv/myVideo.php?clientID=933&name=yes> [link does not function]

The report presented the following commendations:

- Robust, high impact social justice program
- Excellent religious education programs for children/youth/university students & adults
- Thriving new member program, caring committee & chalice circles
- Dynamic, well-loved co-ministry
- Many sophisticated stewardship practices

¹² <http://www.uubloomington.org/uucb/2013AnnualReport.pdf>

- Fabulous campus with expansion potential (Belcher property)

The report presented the following observations:

- Pledge distribution is bottom heavy (a very few numbers of people are giving in the higher pledge ranges)
- One-on-one connections are not part of stewardship practice now or in past decade
- Congregation-wide input and ownership of future priorities is needed and can fit with “new” policy governance

The Assessment Report presented the following recommendations. The Future of Stewardship committee noted the progress that has been made towards each.

1. **Establish a Stewardship Ministry Team.** Progress: this has been completed.
2. **Utilize UUA program resources.** Progress: The Stewardship Committee typically keeps tabs on UUA materials and a co-chair is a member of the UU Stewardship Lab on Facebook.
3. **Develop rotation schedule for personal connections short term opportunities (this means establishing one-on-one meetings on some form of schedule that may not be annually)** Progress: We have not pursued individual canvassing due to a perceived lack of volunteer time to do so.
4. **Increase education around electronic giving options and distribution of financial commitments.** Progress: We've continued to promote electronic giving and working to remove technical barriers so it is easier for people to pledge/pay that way. John Summerlot made a video walking people through the online pledge and payment system: <http://drewschrader.wixsite.com/uucbstewardship/history>
5. **Develop a list of goals together or programs and future ministry plan, get input and ownership from congregation.** Progress: The Fair and Sustainable Compensation Committee defined goals for staff compensation. A future ministry plan was driven by the subsequent retirement of Reverend Bill Breeden and sequent work of the Board and the Ministerial Search Committee in response to that.

Appendix C: Historical Pledge Data

Jan. 25 & Mar. 7, 2017

BUDGETED PLEDGE LEVELS					
Fiscal Yr.	Approved Budget Pledge Level Committed + New	Percent Increase	Churchdb Info Pledged // Pledges Rec'd *	Budget Reports as of June 30 Pledges Received	Budget Reports as of June 30 Prior Yr. Pledges Rec'd
2016-17	\$544,000 + 3,000	1.29%	**	**	**
2015-16	\$540,000 (committed & new)	3.85%	\$525,024// 508,409	\$481,290 89.1%	\$16,500
2014-15	\$520,000 (committed & new)	1.64%	\$510,165// 494,819	\$482,287 92.7%	\$29,822
2013-14	\$508,598 + 3,000	12.73%	\$503,629// 483,221	\$467,612 91.4%	\$41,933
2012-13	\$453,478 + 3,000	3.85%	\$455,446// 449,794	\$440,121 96.4%	\$27,936
2011-12	\$436,485 + 3,000	4.767%	\$427,889// 423,843	--	--
2010-11	\$415,700 + 3,500	2.27%	\$405,600// 391,995	--	--

NOTES:

* Pledges shown in column 4 are the amounts received in Churchdb as of March 7, 2017. Prior year(s) pledges are attributed to the pledge year designated by the donor (if stated). This could be the preceding year or 2 or 3 years prior. If no indication is noted on the payment, the contribution may be attributed to the current year.

** FY 2016-2017 amounts as of 03/07/17: Church db Pledged// Pledges Received: \$543,711// 389,039
Budget Report: Pledges Received: \$387,267 71%
Prior Year Pledges Received: \$17,896

FY 2011-12 and 2010-11: I do not have immediate access to these end of fiscal year budget reports.

Additional donations to the budget are: Miscellaneous – contributions not tied to a pledge and the Sunday Plate (75%).

A. Hults-Losenksy 03/07/17
2.

Treasurer's Report --- A Bit of History [From the June 5, 2011 Annual Report]

Budgeted pledge levels over last five years: (\$ in thousands)

Fiscal Year	Pledge	Received	New
2005-6	\$325.0	\$300.1	\$3.8
2006-7	\$356.6	\$342.1	\$4.2
2007-8	\$388.8	\$363.0	\$2.5
2008-9	\$415.5	\$393.1	\$1.8
2009-10	\$409.9	\$371.3	\$0.3

Where we are through end of April: 2010-11 \$415.7 \$353.5 \$2.3

2009-10 was a tough year. We programmed pledges of \$420,000, a one percent increase. You can see that the pledge level actually decreased one percent from the previous year. In addition, pledge payments were four percent below the previous year.

Pledges for 2010-11 were almost exactly the same level as 2008-9. We are back on track. The proof – our current pledge level for 2011-12 is at or near a five percent increase over 2010-11.