

## **CONTINGENCY SUGGESTIONS FOR 2020-2021 BUDGET**

Actions Recommended by the Finance Committee in the event the ACTUAL Budget Differs from the APPROVED Budget

**For the 2020-2021 FY, the Budget is expected to exceed projections by about \$50 K**

### **Contingencies**

Every year the Finance Committee prepares a list of upside and downside contingencies to go with our budget projections.

For the 2020-21 budget year, we recommend:

2020-2021 Budget Contingency Priorities

#### **UPSIDE**

1. Increase General Reserves \$15,000
2. Increase Pension Funding % \$8,000
3. Increase UUA Contribution \$2,000

#### **DOWNSIDE**

1. Decrease UUA Contribution \$14,500
2. Decrease People Cost \$10,500

If the net income rises more than \$25,000, we will increase General Reserves and Pension Funding.

If the net income decreases more than \$25,000, there will have to be more decreases in people costs.

**BOARD ACTION REQUIRED:** The Finance Committee and the Board should decide if any of the three (3) UPSIDE Contingencies will be adopted.

***Report to the Board for May 18, 2021, BOT Meeting***

*From Ravi Sankar (5/14/21):*

My suggestion is:

1. Use the first 25K of upside as per our original decision i.e.
  - Increase General Reserves \$15,000
  - Increase Pension Funding % \$8,000
  - Increase UUA Contribution \$2,000(Rationale: I feel that we should not be second guessing an earlier decision unless there are specific or serious reasons for such a change).
  
2. For the excess over 25K: It is unusual to have such a large excess over the budget. The finance committee generally includes a statement to cover for all contingencies never expecting to reach that level of upside. Hence, I feel at this point it is worth giving the matter of the excess over 25K a little more thought. I would suggest all of this excess go to reduce the drawdown from endowment (rather than supplement general reserves and pension funding).

*From Rev. John Morehouse (5/14/21):*

I would recommend that we give the staff a small COLA rather than increase pensions. UUA only recommends 10% contribution which we are doing. Staff hasn't had a COLA in three years.