

Senior Minister's Report to the Board of Trustees

December 2022

1.2.4 We become a sustainable, engaged, growing Congregation comprised of all generations.

In this report I am going to explain some of my current thoughts on what we will need to do to reach fiscal sustainability and the impact this will have on our future growth.

Possible Actions:

Of course, I think our first prospective action should be to increase revenue. Despite our structural deficits, our pledge income, year over year, continues to outperform our budget projections. This means that we are not adequately reaching all of our givers and getting a pledge from them. In stewardship this is known as the "problem of the long tail". We have dozens of people who give under \$1000 per year who we don't contact about a pledge beyond an email. Generally speaking, givers under this amount are hard to get a pledge from. Given our very limited stewardship capacity at the moment (our Stewardship Team is down to three people), we don't have the people to reach these givers and ask them to give more. One idea the Stewardship Team is thinking about is a series of house parties with a special emphasis on reaching out to these folks. We also have a group of people in the second quartile of giving who could give much more. This might be something board members could help with; contacting these givers (\$1000-\$1500) and asking if they could increase their pledges by 50% or more.

I do *not* think future fundraisers will close this budget gap. However, I *do* think that a "Innovation and Growth Fund" as part of the Endowment might provide us with new and inventive ways to launch commercial endeavors to create income and outreach. The fund could also be used to supplement parts of our budget that specifically impact membership growth such as a membership development position or consultant (with tremendous thanks to Beth Cliff who has been doing this job as a volunteer). We could encourage our larger givers to give to this fund as one way to help us grow into our new reality.

Obviously further cuts to people costs will need to be made. The position of Lead for Social Justice Outreach will not be in next year's budget. That will be slightly offset by the need to hire a younger technician who can handle all or most of our streaming and sound needs. Attached to this report is a staffing deck from our consultant Rachel Maxwell. Currently our average worship attendance (counting all in the sanctuary, people online and children and youth) ranges between 125-150. Using the classic model of staffing for growth this means we should be able to support 1.5 full time program positions (Minister, Music, Faith Formation) plus one more .5-time program support position (Membership, Assistant Faith Formation, etc.). In addition, we should be able to support 1.5 full time administrative staff people. This means to be properly sized for our current congregation we need 3.5 FTE positions. I would round that up to 4 FTE positions to staff for growth. Our current staff load is 3.5 program positions and 2.0 FTE administrative positions for a total of 5.5 FTE positions.

The problems with over staffing are elucidated in the slides. Clearly, we will need to make some changes in our staffing; a likely reduction of at least two FTE positions. With the elimination of the Social Justice position, that brings us down to 1.5 FTE positions that should be reduced in the coming fiscal year to be sized correctly.

Ramifications:

While we can cut some of our maintenance budget, the fact that our building is reaching middle age means we need to spend money to keep it functional and worthy of events and rentals. Many of our administrative costs such as insurance and utilities are largely fixed. There is very little we can cut in our program costs.

A reduction in staffing means that we will need more of our members to take an active role in the ministry and function of the congregation. Currently, there are about 10% of our members doing well over 80% of the work. We need that active rate to double in the next year. Respectfully, this is not just the CEOs problem. I do believe that we all need to foster a culture of service and generosity in the coming years.

We have already begun this transition in our Social Justice Ministry. The new Social Justice Council is doing a great job pivoting to a lay led ministry. They could serve as a model for other areas such as Music and Faith Formation. Our Pastoral Care Ministry is and always has been successfully lay led. Program offerings will be different but not necessarily diminished if we can make this transition.

Reducing our staff does mean that we will not be able to provide the same level of services that the congregation has come to expect. There is a fine line between staffing appropriately and losing our capacity to minister to the congregation. Some members may choose to leave. How many will depend on how we manage this sizing and how we communicate our new reality as an opportunity to grow into a new identity. With this change we also have the possibility of attracting new people who sense the spirit of active engagement I hope we can achieve. I do *not* think we will be able to balance the budget in 2023-2024. In my opinion we will need at least two years to do that.

Respectfully submitted, Rev. Dr. John T. Morehouse