

Proposed Amendment #1 to Business Resolution: Complete Divestment from the Fossil Fuel Industry and Subsequent Reparations

Amendment Business-Resolution

Poster1

2d

AMENDMENT #1 PROPOSED BY DELEGATE ANTOINETTE SCULLY

Bold underlining indicate insertion ; [brackets indicate deletion.]

315 BE IT FURTHER RESOLVED, that these reparations are not taken out of congregational endowments,

316 but are taken out of the [unrestricted] funds [available in] **of** the endowment of the UUA itself, **as a one time lump sum** [in a timeline]

317 **earmarked for reparations forgoing the Endowment Payout Policy**, [unrestricted funds available in the endowment of the UUA itself, in a timeline that is in alignment with the Endowment Payout Policy], and

Full text of the [Business Resolution: Complete Divestment from the Fossil Fuel Industry and Subsequent Reparations](#)

[Business Resolution: Complete Divestment from the Fossil Fuel Industry and Subsequent Reparations](#)

NickMaxwell

2d

Does this mean that the investment in reparations would be taken from what is called “the corpus” of the UUA endowment?

jolly Jolly Hollamon

17h

It is worth mentioning that this amendment is proposed by a member of the Youth Divestment Caucus which first drafted this Business Resolution. All members of the caucus approve of it [that is, it is FRIENDLY], and it was made in response to the feedback we received while gathering over 400 signatures from across the country.

[Skip to main content](#)

We are highlighting that this is indeed a diversion of our normal financial business: at first we were concerned folks would worry that the reparations payout would divert money from programs and cause layoffs. Instead we found that we are not currently paying out according to policy anyhow.

I'm going to give the long-form explanation of the endowment payout policy BELOW for the other math nerds.

Thanks to all of you who are a part of this important work with us.

jolly Jolly Hollamon

17h

TL;DR the endowment payout policy says we should be spending more of the endowment and the need to lay off staff the board has named would be avoided if we followed the policy as written.

The board statement says they will be forced to lay off seven staff if the resolution passes. Let's take a look at the budget to better understand. [budget_fy22-fy23.pdf \(uua.org\)](#) this is a UUA budget overview published in April of 2021, if you look at the "Endowment Income" (called "Investment Income" but with the same numbers on another version at the top of the document) you'll see numbers ranging across the years from \$2,498,000 (it says 2,498 but these are multiplied by a thousand) to \$2,368,000.

The **Endowment Payout Policy** states: The amount made available for expenditure from the Association's endowment in a fiscal year shall be a weighted average of:

- the prior year's spending adjusted for inflation (weighted at 70%), and
- 5.5% of the trailing four-quarter average market value of the endowment as of the previous December (weighted at 30%).

However, the spending rate must be at least 4.5% and not more than 6.25% of the trailing four-quarter average market value of the endowment as of the previous December.

However, we do not see the use of even the minimum 4.5% of the endowments value reflected in the budget report. If the UUCEF were to add 4.5% of the value of the UUA's endowment, that would be at least four million dollars additional to the 1% charged to the value of the full endowment each year for managing the funds.

While I agree that mathematically doing the first formula (averaging prior years spending and 5.5% of the average market value of the endowment) does arrive at numbers closer to what is put up there, the payout policy actually states the UUCEF must spend more from the endowment than we are shown.

If we are to believe the Chief Financial Officer and investment committee that the UUA's endowment is about half the value of the UUCEF (the UUCEF is valued at over 242 million)

Skip to main content ...ervative estimate of a \$100,000,000 (likely closer to 110-120 million ... endowment, the UUA should be spending at least 4.5 million, rather

than 2.5 million. After The Endowment income is not mentioned in the budget report as being incorporated into other lines either.

So while the loss of 14 million dollars would impact the total funds available for a given year, it the impact is not significant enough to lay off staff if UUA policies are actually followed. If the UUA endowment value was taken down to 86 million dollars, following the policy would bring us to at least 3,870,000 dollars in the annual budget. Well over how much is budgeted now.



RuthHoffman-Lach

44m

First - I am not an accountant. At all. I am past president of the Board at First Houston, however, so I've worked on a few budgets. The way I read the Endowment Payout Policy is that the money is *available* but not that it *must* be spent. It is not uncommon for nonprofits to avoid spending any endowment money when possible, and to have similarly written policies limiting payout of endowment funds. I am not familiar with policies that actually *require* endowment moneys to be dispersed yearly, but that doesn't mean they don't exist. The further specification on the spending rate reads (to me, who is again, not an accountant) as a spending limit put in place in the event that

A) the prior year's spending adjusted for inflation was unusually high or low for some reason (ours was unusually high recently because we had to do extensive repair on the elevator, for example) or B) the market goes up really quickly, producing a giant increase in market value. Either of these events would cause the calculation of permitted spending to be unusually high or low, so the limitations are in place to prevent the Board from 1) approving a budget that relies on a huge endowment draw, or 2) being unable to draw a reasonable and needed amount (because a super low prior year's spending would cause the weighted average to be lower). One reason for limiting a huge endowment draw after a sharp increase in value is that budgets tend to increase every year - so if one year's budget is based on income that is suddenly much higher than the previous one's, it can easily set an unsustainable precedent for future spending, which then creates a whole host of problems.

NickMaxwell

35m

The text of the policy is this:

"the spending rate must be at least 4.5% and not more than 6.25% of the trailing four-quarter average market value of the endowment as of the previous December."

"must be" usually is interpreted as requiring something. In lay conversation, we do say, "You **Skip to main content** ie" and we mean that we strongly recommend and do not require that

you see the movie.

In legal documents, like the UUA Governance Manual, "must" means some sort of requirement. As our Federal government [says](#), "The legal community is moving to a strong preference for 'must' as the clearest way to express a requirement or obligation."

Sally Sally G

15m

I have seen *shall* and *will*, with *shall* being required and *will* being intended, but I agree that *must* is very clear, as it is most used in everyday conversation.

General

Assembly 2023

The annual meeting of our Unitarian Universalist Association (UUA). Participants worship, witness, learn, connect, and make policy for the Association through democratic process.

Participate

[Register for GA](#)

Resources

[Business Agenda](#)

[UUA Bylaws and Rules](#)

[Business Gude](#)

[Delegate Credentials](#)

Important Dates

June 21 - 25