

Panel on Theological Education Briefing

Prepared by Linda Laskowski, UUA Trustee
Member of the Panel
November 2011

Congregations that live in covenant with other congregations in our Association through a strong, articulated sense of UU and community identity

Policy 1.0.2a, UUA Policy Manual

The purpose of this document is to give a brief background of the UUA Board's involvement in the Panel on Theological Education (the Panel), in preparation for a decision on the appropriate role of the Board in light of Policy Governance®. The recommendation is to add the following policy to Section 2.10 of the Governance Manual, defining "Unitarian Universalist identity" as an intangible asset to be protected.

2.10 POLICY TITLE: ASSET PROTECTION

The President shall not allow the Association's tangible, intangible and intellectual assets to be unprotected from undue risk. Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

1. Unnecessarily expose the Association's tangible and intangible assets to loss or damage by theft, embezzlement or other financial fraud, casualty, lack of maintenance, or other cause.
2. Allow the Association to be unprepared to respond to disasters and other crises.
3. Unnecessarily expose the Association, or its Board, volunteers, or staff, to claims of liability.
4. Unnecessarily expose the Association's intellectual property, information, and files to loss, damage, premature destruction, or improper disclosure.

Proposed Addition:

5. Jeopardize the formation of Unitarian Universalist identity within our professional ranks. Furthermore the President shall not:
 - 5.1 Jeopardize right relationship with Meadville Lombard and Starr King School for the Ministry
 - 5.2 Jeopardize the historical relationship between the UUA and Harvard Divinity School

Background

A trust of \$9 million was established in 1983 within the UUA from the North Shore Unitarian Universalist Society, now known as Shelter Rock “for religious and educational purposes...[which] may include, but shall not be limited to, the making of grants or loans to educational institutions in support of programs of religious education, or grants or loans to students, religious professionals or lay personnel in attendance at such institutions, or otherwise sponsoring religious educational operations, programs, publications or other theological activities of an educational nature either directly or by contributing financial support to other organizations or individuals to enable them to provide or to acquire such theological education.”

Other details were specified in the original proposal from then President Eugene Pickett. These have traditionally been observed, though the Trust does not include these provisions. The provisions include:

- At least 60% of the annual funds would be in support of Unitarian Universalist related theological schools. At the time of the trust establishment, the majority of candidates were educated at Meadville Lombard, Starr King, or Harvard.
- Two members of the Panel would be from the UUA Administration, 2 from the UUA Board, 1 Parish Minister, 1 Minister of Religious Education, and one non-Unitarian Universalist theological educator, and non-voting members from the three schools. All but the Administration and Theological School members were to be appointed by the Board.
- The Board approves the budget recommendations made by the Panel each year.

Copies of the original trust document and the proposal are attached.

It should be noted that the proposal also refers to a somewhat stormy history between the UUA and the theological schools that led up to the trust, and is described by former President Pickett this way¹:

A major area of contention was the fact that the Association provided little financial support for the schools, while at the same time asking the schools to cooperate with the Council [on Education for Professional Religious Leadership] in developing new programs. The Council itself was not funded adequately and was limited in its ability to develop new programs or provide significant financial support for the schools. After five contentious years the Council was disbanded.

¹ Interview with Gene Pickett by Tamara Payne Alex in 2007

The relationship between the Association and the theological schools did not improve.

From this experience, the important lesson for me, which was to play a part in my presidency, was that until the Association could provide significant financial support for the schools, the relationship with the schools would continue to be strained and the Association's influence minimal.

Recent funding history

The financial precariousness of Meadville and Starr King (the Schools) led to over 90% of the trust funds provided to them by fiscal 2005-06. In 2007 the Board received a proposal from the Panel to reduce the approximately \$250,000 Meadville and Starr King each received each year to zero over the next 4 years, and took the first step by approving a reduction to \$225,000 for fiscal 2007-2008. This was based at least partly on the fact that the majority of UU theological students were being educated in places other than these two schools. The representatives from the Schools were also no longer invited to attend Panel meetings. This was not well received by the Schools, and, because it came very soon after the dissolution of talks to combine the schools, was perceived by at least some as punitive. There was also considerable concern, also expressed by the consultants in the merger, that the two UU schools were not independently viable.

The second reduction to \$200,000 was taken in 2008-2009, though further reductions were suspended and remained suspended as The Summit on Ministerial Excellence, funded by the Panel in December of 2008, focused attention on the value of "identity schools".² The most recent budget passed by this board (2011-12) was for \$190,000 for Meadville and Starr King, \$35,000 for Harvard, and \$25,000 for Andover Newton, as recommended by the Panel. The Board has not discussed nor had an "official" conversation that would reverse its 2007 intention to reduce to zero theological school funding for operations.

Funding levels from 2005 to 2011 are shown on Attachment 2.

Panel retreat October 2011

The "identity school" concept has had a wide-ranging effect. Now chaired by the Rev. Rob Eller-Isaacs, the Panel held a retreat in October of this year to determine where it added the most value to the "shared vision" of the Association (the end quoted at the beginning of this document), and identified the role of the Panel as "producing knowledgeable stewards and creative transformers of the

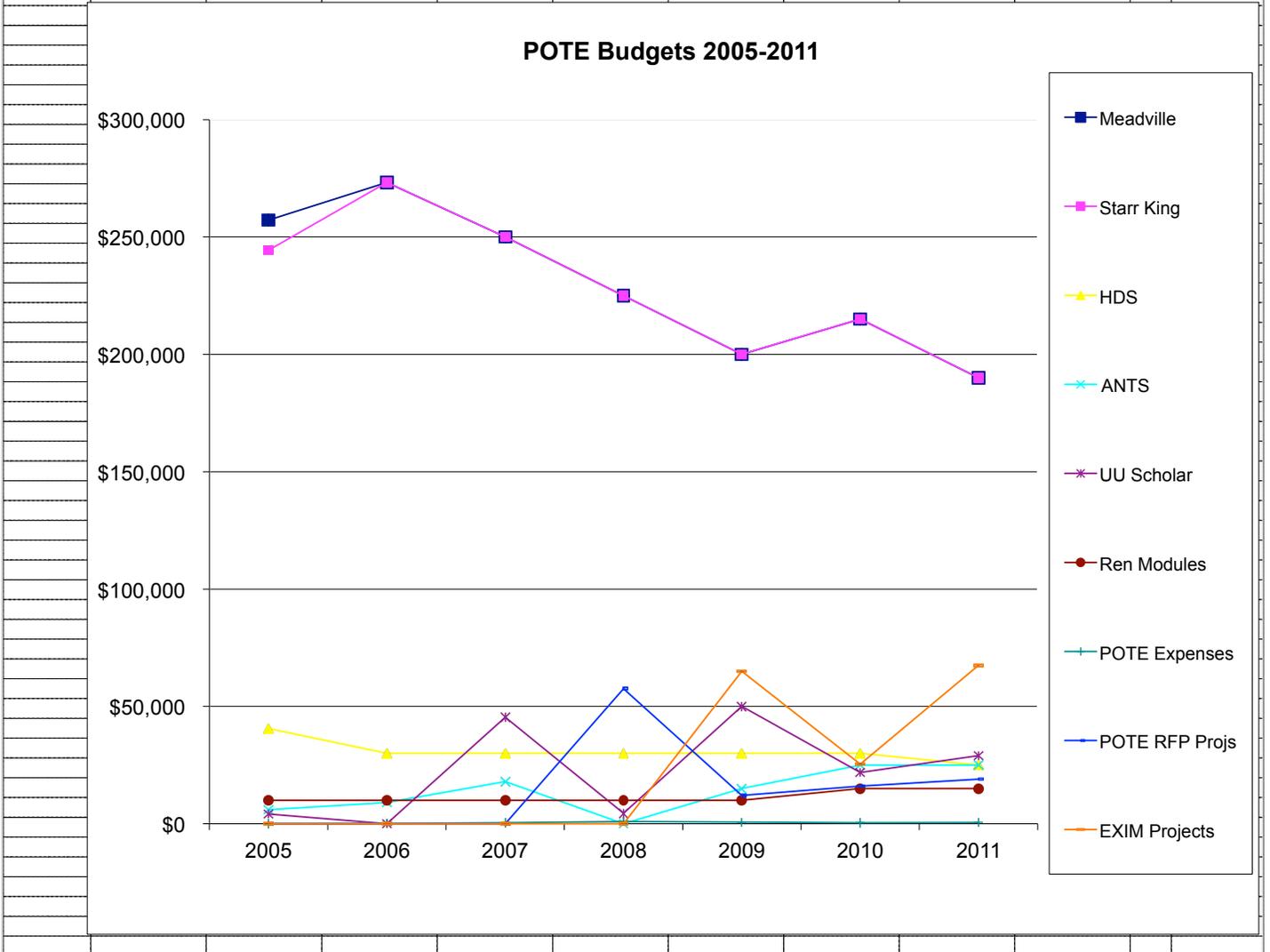
² Articulated by Dan Aleshire, Executive Director of the Association of Theological Schools, "The Tyranny of Excellence" delivered December 2008

Unitarian Universalist tradition.” Two primary areas for the Panel’s involvement are:

1. Funding Identity-based Unitarian Universalist education for professional religious leaders, and
2. Convening an ongoing conversation for the future of identity-based theological education.

We also agreed the Panel was a “means” and as such should report to the President. In line with the Panel’s focus on UU identity as a critical asset for the Association, including this in our Policy Manual as protection of an intangible asset appears to be an appropriate place to document the Board’s expectations, as well as insuring an ongoing right relationship with the schools that are the primary providers of that identity in our professional ranks. The Panel also feels the historical relationship with Harvard, which includes an endowed chair and is the repository for significant Unitarian archives, should be maintained, though the funding level would be the prerogative of the President.

	Meadville	Starr King	HDS	ANTS	UU Scholar	Renaissance Modules	POTE Expenses	POTE RFP Projects	Excellence in Ministry Projects	TOTAL
2005	\$257,228	\$244,400	\$40,583	\$6,000	\$4,109	\$10,000	\$0	\$0	\$0	\$562,320
2006	\$273,228	\$273,228	\$30,000	\$9,000	\$0	\$10,000	\$54	\$0	\$0	\$595,510
2007	\$250,000	\$250,000	\$30,000	\$18,000	\$45,435	\$10,000	\$460	\$0	\$0	\$603,895
2008	\$225,000	\$225,000	\$30,000	\$0	\$4,522	\$10,000	\$940	\$57,575	\$0	\$553,037
2009	\$200,000	\$200,000	\$30,000	\$15,000	\$50,000	\$10,000	\$675	\$12,040	\$65,000	\$582,715
2010	\$215,000	\$215,000	\$30,000	\$25,000	\$21,885	\$15,000	\$460	\$16,000	\$25,369	\$563,714
2011	\$190,000	\$190,000	\$25,000	\$25,000	\$29,000	\$15,000	\$522	\$19,000	\$67,500	\$561,022



UNITARIAN UNIVERSALIST TRUST
FOR THEOLOGICAL EDUCATION

TRUST AGREEMENT dated June 7, 1983, between the NORTH SHORE UNITARIAN UNIVERSALIST SOCIETY, INCORPORATED (the "Society"), a religious corporation, organized and operated under the laws of the State of New York and presently having its principal office at Plandome Road and Westgate Boulevard, Plandome, New York, and Susan Dermon, Donald Ashley, Lois Teta and Robert Littman, as Trustees (hereinafter in this Agreement, together with any successor Trustee or Trustees, being collectively referred to as the "Trustees"). Simultaneously with the execution of this Agreement, the Society has instituted steps to transfer a certain sum of money to the Trustees and such sum, together with any amount or amounts which may hereafter be added to this trust, shall be held in trust and disposed of by the Trustees in accordance with the provisions of this Agreement. This trust shall be known as "Unitarian Universalist Trust for Theological Education."

ARTICLE I

Trust Purpose

This trust (the "Trust") is formed exclusively for religious and educational purposes, and, in furtherance thereof, the Trustees shall invest and reinvest the Trust assets and distribute all of the income therefrom (and so much of the principal of the Trust as shall be determined under paragraph B of Article II of this Agreement) to the

UNITARIAN UNIVERSALIST ASSOCIATION (the "Association"), a religious corporation organized and operated under the laws of the Commonwealth of Massachusetts and presently having its principal office at 25 Beacon Street, Boston, Massachusetts, to be used in the discretion of the Association exclusively for theological education, so long as the Association shall continue to be organized and operated exclusively for religious, charitable and educational purposes. The purposes for which the Association may expend the funds so distributed may include, but shall not be limited to, the making of grants or loans to educational institutions in support of programs of religious education, or grants or loans to students, religious professionals or lay personnel in attendance at such institutions, or otherwise sponsoring religious educational operations, programs, publications or other theological activities of an educational nature either directly or by contributing financial support to other organizations or individuals to enable them to provide or to acquire such theological education.

ARTICLE II

Disposition of Income and Principal

A. Income. The entire net income of the Trust shall be paid to the Association in annual or such more frequent installments as the Trustees shall determine in their absolute discretion, such income to be used for such theological educational purposes of the Association as shall be determined from time to time by the Association. For

purposes of determining Trust net income all receipts and disbursements shall be allocated between Trust principal and income in accordance with the practices that the Trustees shall determine to be generally followed at the time of receipts or disbursements in the administration of private testamentary and inter vivos trusts that are subject to the laws of the Commonwealth of Massachusetts (or, during the Funding Period as defined in Article V, the laws of the State of New York), provided, however, that no such allocation between principal and income shall be made in such a way as would disqualify the trust for the income tax exemption under sections 501(a) and 501(c)(3) of the Internal Revenue Code of 1954 and the Regulations thereunder. In the event that the Trustees shall be uncertain as to the proper allocation of any receipt or disbursement pursuant to such practices, then allocation may be made in accordance with the provisions of the Uniform Principal and Income Act (the Revised 1962 Act or any subsequent Revised Act) or in such other manner as the Trustees shall determine to be reasonable and equitable after taking into account the purposes of this Trust and the circumstances of its formation, and the requirements of said sections 501(a) and 501(c)(3).

B. Principal. If the fair market value of the Trust principal for any fiscal year of the Trust (the "Principal Value") (determined by averaging the fair market values of the Trust principal as at the close of business on the last business day of each of the first three fiscal

quarters of such fiscal year) shall exceed Nine million Dollars (\$9,000,000), then for such fiscal year the Trustees shall, if and to the extent so directed in writing by the Association, distribute from principal to the Association to be used for such of the theological educational purposes of the Association as shall be determined by the Association:

(1) an amount not in excess of the amount which, when added to the distributions of income under paragraph A of this Article for the fiscal year of such distribution, will equal the smaller of (a) ten percent (10%) of the Principal Value for the fiscal year, or (b) the excess of the Principal Value for the fiscal year over Nine million Dollars (\$9,000,000); and

(2) an additional amount or amounts for such fiscal year, provided that such additional distributions for such year, when added to any distribution of principal under subparagraph (1) of this paragraph B for the fiscal year, shall not exceed twenty percent (20%) of the amount by which the Principal Value for the fiscal year shall exceed Nine million Dollars (\$9,000,000).

Because the exact amount distributable to the Association pursuant to this paragraph B with respect to any fiscal year may not be subject to precise determination until after the close of such year, the Trustees are authorized to make distributions during such year on an estimated basis, with appropriate adjustments, either by way of further Trust

distributions or refunds to the Trust by the Association (in the case of an overdistribution), to be made as soon as practicable after the close of such year.

C. Expenditure of Distributions by the Association. All amounts of income and principal distributed by the Trust to the Association in accordance with this Article II shall be available for expenditure or other use for theological education at such time or times as shall be determined from time to time in the absolute discretion of the Association, and shall not be subject to any limitation otherwise applicable to the Association on amounts of income or principal that may be expended during any period or periods.

D. Trust Period. The Trust shall be perpetual unless the Association:

(1) shall be a party to or appear in any judicial or administrative proceeding under any federal or state bankruptcy or similar law in which the Association shall confess or declare itself or shall be adjudicated or determined by decree or any finding of fact to be bankrupt or insolvent or in which a receiver or trustee of all or substantially all of the Association's assets shall be appointed for the benefit of any creditors of the Association; or

(2) shall terminate its existence by liquidation or similar procedure which shall involve the termination of its religious, charitable and educational activities (as opposed to a reorganization or similar

transaction involving a continuation of such activities by a successor organization); or

(3) shall cease to be organized and operated exclusively for religious, charitable and educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1954 (and corresponding provisions of subsequent laws).

Upon the occurrence of any of the events described in subparagraphs (1), (2) and (3), the Trust shall terminate and thereupon all of the property then constituting the Trust (including any accrued or collected but undistributed net income) shall be distributed to the Society.

ARTICLE III

Investment and Administrative Provisions

A. Trustee's Authorities and Powers Generally.

In addition to the powers conferred upon Trustees by law, but subject to paragraphs B and C of this Article, the Trustees are authorized, in the Trustees' absolute discretion (subject to any directions as to policy that may be specified from time to time by the Association, or during the Funding Period by the Society), with respect to any property, real or personal, at any time held under this Agreement, and without authorization by any court:

To retain such property; to sell, mortgage, lease (for any term, whether or not extending beyond the term of the Trust or the term fixed by any law) or otherwise dispose of any or all thereof upon any terms; to invest and reinvest in any securities or other property, real or personal, domestic or foreign, preferred and common stocks, open or closed mutual funds shares, interests in investment trusts and participations in any legal or

discretionary common trust funds maintained by any bank or trust company acting hereunder, all without regard to any law concerning the investment of funds by fiduciaries and without regard to any requirement of diversification of investments; to manage, maintain, alter, improve, develop or abandon any real or personal property; to grant any options in connection with any of the foregoing; to foreclose mortgages or to continue mortgage investments; to consent to the modification or extension of any note, bond, mortgage, open account indebtedness or other obligation, whether or not secured or evidenced by any writing to exercise or dispose of any options, privileges or rights of any nature; to vote by discretionary proxy or otherwise; to become a party to any voting trust agreement, whether or not extending beyond the term of the Trust; to assent to, participate in or oppose any type of reorganization, readjustment, recapitalization, consolidation, merger, sale of assets, dissolution or other action of, by or with respect to any corporation and to take any action in connection therewith; to borrow money for any Trust purpose; to employ and pay the compensation of accountants, legal and investment counsel and other agents; and to pay any expenses in connection with any of the foregoing.

B. Investment Policies. The investment policies of the Trust shall be determined from time to time by the Association (or during the Funding Period by the Society), which may direct the Trustees to delegate investment discretion to one or more specified investment managers. In formulating its investment policies, the Association (or the Society, as the case may be) is encouraged to consider the preservation of the real value, as distinguished from the nominal dollar value, of the Trust principal. Nothing in this Agreement shall be construed to restrict the Trustees from investing the assets of the Trust in a manner which could result in the realization of a reasonable amount of gain or other income from the sale or disposition of Trust assets.

C. Tax Status. In creating the Trust the Society and the Association intend to obtain for the Trust the full benefit of the income tax exemption under sections 501(a) and 501(c)(3) of the Internal Revenue Code and the Regulations thereunder. It is further intended that the Trust shall qualify as an organization described in section 509(a)(3) and shall therefore not be taxed as a "private foundation" under Chapter 42 of Subtitle D of the Internal Revenue Code. Accordingly, the Trust shall be interpreted, valued, managed and invested consistently with that intent and none of the rights, powers, duties, authority or privileges granted to the Trustees, the Association or the Society hereunder shall be exercisable to the extent that such exercise would be inconsistent with that intent. All references in this paragraph to sections, Treasury Regulations and the Internal Revenue Code are to the United States Internal Revenue Code of 1954, as amended, and to the Treasury Regulations thereunder. All such references shall be deemed to refer to any corresponding provisions of any subsequent federal tax law or regulation.

D. Commingling of Trust Assets. The Trustees in their absolute discretion may during the Funding Period commingle Trust Assets for investment purposes with all or part of the Society's assets (but only with assets owned solely by the Society, and under no circumstances with any assets in which any private individual, or any organization not organized and operated exclusively for religious, chari-

table or educational purposes, holds any interest). No commingling of Trust Assets with other assets shall be permitted following the Funding Period.

E. Dealings with Third Parties. No person dealing with the Trustees shall be bound to see to the application or disposition of cash or other property transferred to the Trustees or to inquire into the authority for or propriety of any action by the Trustees.

F. Custodian. The Custodian shall be United States Trust Company of New York, New York. The Custodian shall hold or otherwise arrange for the safekeeping of the investment assets of the Trust. The Custodian shall serve at the pleasure of the Association (or, during the Funding Period, at the pleasure of the Society), which may at any time, by written notice to the Custodian and the Trustees, remove any one or more Custodians and add one or more Custodians. The number of Custodians in office at any time shall be within the discretion of the Association (or the Society, as the case may be); provided, however, that only a bank or trust company shall be eligible to serve as Custodian. The Custodian may serve concurrently as the Trustee or as a Trustee. The compensation of the Custodian or Custodians shall be determined from time to time by the Association (or, during the Funding Period, by the Society).

ARTICLE IV

Limited Power to Amend

The Society and the Association have been fully advised as to the difference between revocable and irrevocable trust agreements and it is agreed that this Agreement is not subject to revocation and may not be amended in any way except as shall be determined advisable by a two-thirds vote of the General Assembly of the Association (or, during the Funding Period, by a two-thirds vote of the Congregation of the Society) for the purpose of (i) maintaining or improving the tax status of the Trust as described in paragraph C of Article III of his Agreement, (ii) improving the administration of the Trust, or (iii) facilitating the continuation of the purposes of the Association and this Trust in connection with any merger, separation or other reorganization; provided, however, that no such amendment shall substantially alter (i) the purpose of the Trust as expressed in Article I of this Agreement or (ii) the Society's reversionary interest in the Trust in the event of the Trust's termination pursuant to paragraph C of Article II (except to the extent that any amendment is required or desirable to preserve or improve the tax status of the Trust as described in paragraph C of said Article III).

ARTICLE V

The Funding Period

A. Definition. The Funding Period shall commence on the date of this Agreement and shall continue until the

first to occur of (1) the last business day of any calendar quarter when the fair market value of the Trust principal as of such day exceeds Nine million Dollars (\$9,000,000) or (2) the close of any fiscal year of the Trust ending after July 1, 1985 if the aggregate contributions by the Society to the principal of the Trust during such fiscal year and the immediately preceding fiscal year shall have been less than One million Dollars (\$1,000,000).

B. Desegregation of Assets at Termination of Funding Period. If, upon the termination of the Funding Period (the "Termination Date") any part or all of the Trust assets shall be commingled with the assets of the Society for investment purposes, the Society shall promptly select and designate, by written notice to the Trustees, Custodians and the Association, the specific assets that shall constitute the Trust assets as of the Termination Date, which designation may or may not involve a prorated division of each asset held in commingled form at such date; provided that the fair market value of the total assets so designated as Trust assets shall equal the fair market value of the commingled Trust assets on the Termination Date, and, for this purpose, all assets that shall be divided pro rata in accordance with the respective interests of the Trust and the Society shall be valued at their fair market value on the Termination Date, and all assets that are not so divided pro rata shall be valued at their fair market value on the designation date.

ARTICLE VI

Concerning the Trustees

A. Appointment and Removal of Trustees. The Association (or during the Funding Period, the Society) shall have the right at any time and from time to time to appoint any one or more individuals or banks or trust companies to act as co- or sole Trustees or Trustee hereunder, to remove any Trustee named in this Agreement or appointed pursuant to this paragraph A, and, subject to the provisions of this Trust Agreement, to direct the manner of performance of the Trustees duties hereunder. Any such appointment or removal shall be by written instrument duly executed by the organization exercising the power to appoint or remove, delivered to the appointee or the removed Trustee, as the case may be, and to the other Trustees acting hereunder, if any. The number of Trustees acting hereunder shall be within the sole discretion of the organization having the power of appointment and the power to appoint Trustees shall include the power to fix the compensation of the Trustees so appointed and to modify any compensation that may have been fixed pursuant to this paragraph.

B. Resignation. Any Trustee acting hereunder may resign at any time without court application or consent or the consent of the Society or the Association by a written instrument executed and acknowledged by such Trustee and delivered in counterpart to the Association (or, during the

Funding Period, to the Society) and to the other Trustee or Trustees, if any.

C. Delegation and Majority Action. Any Trustee acting hereunder may delegate any or all of such Trustee's rights, powers, duties, authority and privileges, whether or not discretionary, to any other Trustee or Trustees by an instrument in writing signed and acknowledged and delivered to the other Trustee or Trustees, provided, however, that any such delegation shall be revocable at any time. Except as otherwise provided as a result of Trustee delegations, any action of a majority of the Trustees at any time acting hereunder shall be binding for all purposes, including the exercise of any of the powers and authority granted to the Trustees by paragraph A of Article III of this Agreement.

D. Waiver of Bond. No bond, surety or other security shall be required of any Trustee acting hereunder.

ARTICLE VII

Additions to the Trust

During the Funding Period the Society may, and thereafter with the consent of the Association the Society or any other person may, at any time and from time to time, by written instrument, transfer any additional property, real or personal, to the Trust.

ARTICLE VIII

Governing Law

All questions pertaining to the validity, construction, effect and administration of this Agreement dur-

ing the Funding Period shall be determined by and in accordance with the laws of the State of New York where the Society is organized. From and after the termination of the Funding Period all said matters shall be determined by and in accordance with the laws of the Commonwealth of Massachusetts where the Association is organized.

ARTICLE IX

Accountings and Reports

A. Fiscal Year. The Trust shall keep its accounts on the basis of a fiscal year ending on June 30, provided that the Association may change such fiscal year at any time to conform with the then fiscal year of the Association.

B. Annual Accounts Required. It shall be the duty of the Trustees to submit an annual financial accounting to the Association (and to the Society if it shall so request) within six months of the close of each fiscal year of the Trust. The form of such accountings shall be agreed upon from time to time by the Association and the Society.

C. Effect and Form of Accounting. The written approval of any accounting of the Trustees by the Society and the Association shall be a complete discharge to the Trustees with respect to all matters set forth in the accounting so approved, and it shall not be necessary for the Trustees to obtain judicial approval thereof.

ARTICLE X

Successor Organizations

Any corporation or other legal entity organized exclusively for religious, charitable and educational purposes into which the Association or the Society may be merged or with which either of them may consolidate, or any corporation or other entity organized exclusively for such purposes resulting from any merger, consolidation or reorganization to which either of them shall be a party, or any such corporation or other entity which shall succeed to all or substantially all of the assets of the Association or Society, shall be substituted for the Association or Society, as the case may be, with respect to all of the rights, duties, authority and privileges granted by this Agreement and all references herein to the Association and the Society shall be taken as references to any such successor of the Association or the Society, as the case may be.

ARTICLE XI

Acceptance

The Trustees hereby accept the Trust created by this Agreement and agree to act as Trustees in accordance with the terms and provisions thereof.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals all as of the day and year first above written.

NORTH SHORE UNITARIAN UNIVERSALIST SOCIETY, INCORPORATED

By *Susan Dermon*
Susan Dermon, President

Susan Dermon
Susan Dermon, Trustee

Donald Ashley
Donald Ashley, Trustee

Lois Teta
Lois Teta, Trustee

Robert Littman
Robert Littman, Trustee

A. THE PROPOSAL

This proposal is that the North Shore Unitarian Society of Plandome provide an endowment of nine million dollars to the Unitarian Universalist Association to establish a Unitarian Universalist Theological Education Fund, income from the Fund to be restricted for Unitarian Universalist theological education.

While the Fund would be held in perpetuity by the UUA, at least 60% of the Fund's expendable annual income would be available for support of the basic institutional programs of Unitarian Universalist related theological schools. Receipt of these funds by the schools would be contingent upon annual determination by the UUA that the schools have remained essentially related to the Association and that their programs are in accord with the needs of its ministry and its member societies.

The remaining 40% of the Fund's expendable annual income would be available to the UUA for providing financial support for a variety of special programs, some of which might be implemented by theological schools, especially in such areas as continuing education and religious education.

In this way, some basic institutional needs of the denominationally-related schools would be met from denominational resources on a consistent basis. The UUA would also be able to encourage the development of a variety of special programs in theological education designed to meet its interests. Some current educational needs of this kind, and possible programs to meet them, are described later in this document.

The term "expendable" income is used here to indicate that the Fund would be managed in accord with the UUA's policy for utilizing its existing endowment. Currently, that policy is to expend no more than 5% per year of the value of the endowment, regardless of the actual dividend and interest earned in any particular year. This policy is simply a means to insure that the purchasing power of the Fund will be protected within an inflationary economic environment. Under this policy it can be expected

that both the Fund's capital and the annual expendable income will increase from year to year at about the same rate as inflation.

Since immediate full funding cannot reasonably be assumed, it will be necessary for the UUA to work out a satisfactory allocation of the Fund's expendable income during the years in which it is being established.

B. RELATIONSHIP BETWEEN THE UUA AND UNITARIAN UNIVERSALIST RELATED THEOLOGICAL SCHOOLS

Three Theological schools related to the UUA, Meadville/Lombard, Starr King and Harvard Divinity School, prepare a majority of candidates for the Unitarian Universalist ministry. While these schools are related to the Unitarian Universalist movement, they are independent of the UUA. All of them are accredited graduate schools requiring undergraduate degrees or their equivalent for entrance. Meadville/Lombard and Starr King prepare candidates almost exclusively for the Unitarian Universalist ministry. Harvard Divinity School is a non-denominational school which has had an historic relation with the UUA. It consults the UUA in the appointment of a counselor to Unitarian Universalist students who, along with a Minister of Religious Education, offers accredited courses in Religious Education, and Unitarian Universalist Polity and Practice to Unitarian Universalist ministerial candidates.

Of the 180 students presently preparing for our ministry, 35 are at Harvard Divinity School, 33 at Meadville/Lombard, and 52 at Starr King. The remaining 60 students attend 22 other schools. The 33% of our candidates preparing at non-Unitarian Universalist related schools represent a decrease of 15% in students attending such schools over the last five years.

The UUA Ministerial Fellowship Committee, in setting standards for the Unitarian Universalist ministry, has provided the major denominational influence upon the schools and their programs and preparation of potential candidates for our ministry.

At times during the past ten years the relationship between the Unitarian Universalist schools and the UUA has been distant, sometimes difficult, and at moments even adversarial. Since 1975 two major factors have been at work to encourage and enhance a closer relationship between the schools and the UUA.

One significant influence comes from the actions of the Ministerial Fellowship Committee (MFC) to raise and strengthen the standards for Unitarian Universalist Ministerial Fellowship. The MFC established a core curriculum in which each student must show competence. The Committee now requires a quarter of Clinical Pastoral Education and a supervised internship or its equivalent. In addition, the Committee meets annually with faculty and students of each school to discuss standards and exchange mutual concerns relating to the preparation for our ministry.

A second major element was the study of theological educational needs of the denomination by the Ministerial Education Commission (Scovel Commission). This Commission in its report of January, 1974 to the UUA Board recommended that the UUA become more directly involved in and responsible for setting directions for theological education and the preparation of candidates seeking Unitarian Universalist Ministerial Fellowship.

Following its study, the Commission recommended that the UUA (1) be more involved in meeting the needs for continuing education and career development of our religious professionals; (2) sponsor an internship program for ministerial students; (3) appoint a staff member to be Director for Ministerial Education who would work directly with students, be at liaison with the schools, develop and promote continuing education programs, and develop and support an internship program; and (4) create a Council for Professional Religious Leadership (CEPRL) to assess denominational needs in the area of theological education, evaluate theological education programs, recommend how the Association's funds for theological education should be allocated, and explore new ventures in theological education. Practically all of these recommendations have been implemented.

CEPRL was instrumental in establishing a number of programs which had been recommended by the Commission. The Council (1) sponsored and promoted continuing education and career development programs; (2) established policies and practices for ministerial student scholarships and financial aid; (3) developed and sponsored a pilot three-year ministerial internship program that was funded by a grant from the North Shore Unitarian Society Veatch Program; and (4) established denominational communication with the Unitarian Universalist schools, which, while not always cooperative or cordial, did provide serious dialogue and exchange between the UUA and the schools.

While Paul Carnes was President, the UUA Board discontinued the Council for budgetary reasons. It should be recognized, however, that the Council had gone as far as it could with the resources it had available. The programs the Council established became primarily administrative in nature.

The appointment of a Director for Ministerial Education has been invaluable in strengthening the relationship between the UUA and the Unitarian Universalist related theological schools. The Director visits the three denominationally-related schools regularly, scheduling interviews with each student and meeting with school faculty and staff. This past year the Director was appointed to the Harvard Divinity School Advisory Council for Ministerial Studies. Career development and continuing education workshops, seminars, and programs have been sponsored or led by the Director, involving over 200 of our professional leaders.

From discussion with CEPRL, the schools evolved a Joint Schools Committee for their own sharing and program planning. In this past year the UUA has been asked to join the Joint Schools Committee to add its influence and cooperation to the planning and development of programs for theological education for Unitarian Universalist ministers.

There is at this time a closer relationship between the UUA and the Unitarian Universalist-related schools than has existed at any other time in recent history. This relationship includes cooperation in establishment of programs, joint planning, and proposals for future needs. Yet new program development and program enrichment are all but impossible due to a lack of

funds. Inflation, along with the increase in the number of students at the schools, has rendered the denomination's and the schools' scholarship funds for financial aid programs inadequate. Students today are graduating from schools and entering our ministry with educational indebtedness of up to \$10,000 or more. Inflation has also made it difficult to maintain the present level of continuing education programs for our professional religious leadership. A comprehensive internship program cannot be financed. Our Unitarian Universalist-related schools are struggling financially, and the resources of the UUA are not adequate to be of significant help.

C. EDUCATIONAL NEEDS

From their very beginnings in America, the Universalist and Unitarian traditions have relied heavily on outstanding professional leadership -- both for the leadership of churches and for engaging the wider society and culture. Unlike church traditions where it was believed that anyone called to do so could effectively preach the gospel, Unitarians and Universalists led other denominations in fostering the tradition of the "learned ministry"-- a ministry of professionally educated ministers. In order to realize this ideal, several theological schools were founded and supported by both Universalists and Unitarians. Intentionally located in or near major centers of higher education, these schools not only provided for the education and training of future ministers, they also brought liberal religious scholars into significant interaction with secular scholars and with scholars from other religious traditions. Recognizing that theology and the scientific study of religion play an important role in the development of culture, the Unitarian Universalist movement has often gained prominence and influence through its theological schools.

Today, many of the societies of the Unitarian Universalist Association are entirely lay-led. All of them are heavily dependent on competent, enthusiastic, lay leadership. Ours is a tradition which has attempted to

take very seriously the Reformation doctrine of "the priesthood of all believers." Yet virtually everyone recognizes that the Unitarian Universalist movement may not survive, and certainly will not prosper, without well educated and competently trained professional leadership.

As we enter the decade of the 80s, the Unitarian Universalist Association is committed to overcoming the erosion of its numbers and influence during the past decade. Our highest priority is growth both in the number and the size of our societies. Such growth will be achieved not only by extension and expanded public relations programs (which will bring many new people to our doors), but also will depend upon programs of high quality for children, youth and adults and on well prepared, effective, professional leadership if both old and new members are to remain committed Unitarian Universalists.

Thus both its inheritance from the past and its desires for the future point to the critical need for this movement to attend seriously to theological education in order to provide for the development and growth of its professional leadership.

Professional leadership within a modern religious movement is necessarily diverse. It is diverse with respect to levels of formal preparation. It includes those who have acquired the highest academic degree, a Ph.D., the highest professional degree for ministry, a D.Min., the standard ministerial degree, an M.Div., a master's degree in religious education.

Professional religious leadership is also diverse with respect to the kinds of vocations pursued. Centrally important are the vocations of congregational or parish minister and that of minister of education or religious education director. Within congregations, other forms of specialized leadership or ministry are required -- in counseling, administration, community development. Beyond these kinds of direct service within congregations, professional leadership is required in a wide variety of denominational offices, in theological schools, and in other, chiefly social service, agencies related to the denomination. In addition, many professional ministers appropriately seek positions in institutions and

and agencies not directly related to the UUA, its member societies and related agencies. Such vocations or ministries are found in colleges and universities, in hospitals and counseling agencies, in inter-faith agencies of various kinds, and in a wide variety of social service and community reform organizations.

While preparation of men and women for parish ministry and leadership is centrally important, it would be a mistake to assume that adequate attention to educational preparation for professional leadership can be limited to the preparation of parish ministers. In fact, of the 960 men and women listed in the 1980 UUA Directory as ministers, 465 were serving as full-time parish ministers. One hundred sixty-seven were retired. Of the remaining 328, (34% of the total) most are in a wide variety of other kinds of professional religious leadership roles, many serving part-time in churches and fellowships as well. Such non-parish ministries should not be regarded as a loss to the movement, but as one of the significant ways in which our collective Unitarian Universalist ministry is realized. The need for ministers in the future cannot, therefore, be based entirely on projections of the number of anticipated available pulpits.

Basic Preparation for Ministry

Because there is such a diversity of leadership positions within the movement, the denomination's need for professionally educated ministers cannot be predicted or projected with great accuracy. We have attempted to make a prediction about the denomination's need for ministers over the next decade, but it must be qualified by a number of uncertainties. With new laws and an inflationary economy, we simply do not know, for example, what the average age of retirement of ministers will be ten years from now. Based on past experience, where retirement has typically come at age 65, we can expect that during the next ten years some 135 congregational ministers will retire or die prior to retirement. Planned denominational growth, for which we must be prepared, could create a need for an additional 90-100 congregational ministers by 1990. Emerging patterns of

ministry, which make it possible for smaller societies to share a minister with another society, might create a need for an additional 50 ministers by 1990. If we assume that, as in the past, approximately 35% of those prepared for the ministry will actually secure positions in some form of non-parish ministry, the total graduates from theological schools needed will be approximately 450 over the next decade, or some 45 a year, with the need becoming somewhat greater toward the end of the decade. Currently the schools are graduating 30-35 students each year.

Early in the decade of the 90s the number of present ministers reaching age 65 will increase rather dramatically, further increasing the number that should be preparing for the ministry toward the end of the eighties. Further, in recent years there has been a rather dramatic increase in the number of people entering theological schools and the ministry later in life. Their relatively short careers in the ministry will further increase the need to have people in preparation for ministry by the end of the eighties.

Religious Educators

The second most prominent leadership role within Unitarian Universalist societies is that of minister of education or director of religious education. Future needs in this area are probably even more difficult to predict than for parish ministers. During the next decade, of the 40 people who are now professionally accredited and serving in full-time positions in religious education, some 10-12 can be expected to retire or die prior to retirement. Demographic considerations suggest that church school enrollments should remain stable or increase slightly over the next ten years. Increased interest in church-sponsored educational programs for adults could create some additional need for professional leadership, but probably not for more than 5-10 positions. If the percentage of congregations employing professional religious educators remains constant, denominational growth could result in a total need by 1990 for approximately 98 professionally prepared religious educators. Nineteen are now in training. Thus, the total need for additional religious educators over the next decade is approximately 50, or some 5-6 a year.

In addition, however, an indeterminate, but larger, number of part-time, professional and non-professional religious educators can be expected to need and seek some degree of formal professional and educational preparation -- an important need for which the UUA must seek innovative means.

Continuing Education

In today's world, education cannot be thought of as something completed prior to career and work. It is clear that the demands of the ministry in Unitarian Universalist congregations, with their highly educated constituencies, will increasingly encourage Unitarian Universalist ministers and religious educators to pursue continuing education opportunities of various kinds.

To a large extent, continuing education will be pursued apart from Unitarian Universalist auspices -- in colleges and universities, professional groups and independent study. It can be expected that career development programs and workshops, perhaps modeled after those now being conducted by the Alban Institute and others, will be increasingly utilized. Much continuing education will continue under sponsorship of ministers' groups and other self-administered programs. Still, given the general cultural trend toward formal continuing education, it can reasonably be expected that the UUA and the theological schools increasingly will be called upon to provide opportunities in continuing education.

If the pattern developing in other denominations is followed, it can be expected that such continuing education will be needed at several different levels. Some professional ministers will seek higher degrees. In particular, the D.Min. has increasingly become a degree sought and earned by those with M.Div. degrees (or the equivalent) and several years of experience in the ministry. A survey of Unitarian Universalist ministers to determine serious interest in such advanced D.Min. degrees is contemplated, but it can safely be assumed that a well-designed program would be attractive to many.

As recognized by the (Scovel) Commission on Theological Education, there is ample reason to believe that many ministers need and want opportunities to improve their practical skills in such areas as church management, preaching, counseling and group work. Others want to broaden and deepen their knowledge in such areas as theology, Eastern religious traditions, science, and economics. Still others have strong research interests and would welcome opportunities to pursue them in such areas as Unitarian and Universalist history, literature, pastoral care, and social ethics. Many professional religious educators are also seeking opportunities to enhance their skills and knowledge; in areas of practice directly related to the organization of educational programs, but also in more theoretical areas such as theology and church history.

There are also a number of areas in which it is highly desirable for professionals and laypeople to participate together in educational or training programs for the improvement of the movement. Areas such as church finance, church extension, and religious education come readily to mind. Further, many laypeople seek opportunities to enhance their own knowledge and understanding of our religious heritage and of theological issues in general.

It is very clear that a denominational need exists for at least minimal opportunities to pursue advanced degrees, to take courses and participate in workshops which facilitate keeping up-to-date or broadening one's knowledge, and to benefit from workshops and training programs designed to improve practical skills and knowledge.

D. CURRENT RESOURCES

There are now four chief institutional resources for education for professional Unitarian Universalist leadership--the Starr King School, Meadville/Lombard Theological School, Harvard Divinity School, and the UUA. In addition, the resources of other theological schools, most of which are affiliated with other denominations, are extensively used by Unitarian Universalists preparing for the ministry.

It is important to recognize in this connection that the preparation of professional leadership for Unitarian Universalists is significantly subsidized by other denominations, particularly the United Church of Christ and the United Methodist Church, through their support of their denominational theological schools.

Though Meadville/Lombard and Starr King might well be described as underfunded, struggling institutions, both are also very rich in educational resources. In addition to providing basic programs for people preparing for ministry, partially through cooperation with other educational institutions, both schools also sponsor limited opportunities for continuing education for ministers, religious educators, Unitarian Universalist scholars, and other Unitarian Universalist laypeople. Faculty members of both schools participate widely in the activities of churches, districts, the UUA, and other denominational organizations. And they provide unmatched research resources, especially historical materials, for Unitarian Universalist scholars.

The Divinity School of Harvard University, though non-denominational in control and multi-denominational in faculty and student body, for a very long time has been a very important center for preparation for Unitarian Universalist ministry. Its Andover Library is an extremely valuable resource for research on Universalist and Unitarian history. Today, however, like almost all other higher education institutions, the Divinity School suffers from insufficient financial resources. The position of counselor to Unitarian Universalist students and especially the chair in church history traditionally occupied by a Unitarian are threatened by financial exigency. The current occupant of the Chair, a leading Unitarian Universalist historian, is approaching retirement and it would be a tragedy to lose this historic Unitarian Universalist connection to this Chair for want of financial resources.

In addition, the institutional presence and importance of these three schools within the most important theological school clusters in the world should not go unrecognized. Beyond their services to the denomination, they significantly advance the cause of liberal religion and theology

through participation in the Boston Theological Institute, the Berkeley Graduate Theological Union and the Chicago Cluster of Theological Schools. These three centers are optimally situated geographically to serve a continental-wide movement.

Financial Resources

The financial resources for theological education utilized by the three Unitarian Universalist-related institutions can be calculated as follows:

This year, the UUA will spend approximately \$225,000 for theological education, including approximately \$48,000 from the St. Lawrence Foundation. Of the total quarter of a million dollars, some \$34,000 is in direct support of theological schools, most of it going to Starr King; \$90,000 is devoted to financial support of theological school students; \$21,000 is allocated for the independent study program for religious educators; and \$19,000 will be used on a variety of continuing education programs by the UUA's Director for Ministerial Education. And this year \$20,000 is being made available for special projects in theological education sponsored by the Joint Schools Committee. This does include the expense of maintaining the Office of Ministerial Education.

Meadville/Lombard, in addition to payments received from students and \$6,000 from the UUA, has approximately \$218,000 available from earnings on endowment and invested capital and expects to raise approximately \$85,000 in gifts from churches and individuals.

Starr King, in addition to payments received from students and approximately \$34,000 from the UUA, will realize approximately \$43,000 from invested reserves and raise approximately \$25,000 in gifts from churches and individuals.

In the case of Harvard Divinity School, if the dollar amounts are pro-rated according to the number of Unitarian Universalist students, comparable figures are as follows: approximately \$150,000 in income from endowment and approximately \$50,000 in current use income.

Detailed budgets for all three schools are available.

E. ADDITIONAL RESOURCES NEEDED

The following assessment of resources needed to provide an adequate

system of education for professional leadership within the denomination suggests a possible pattern of programs and then attempts to estimate their annual costs in 1980 dollars.

Programs

(1) Basic programs for ministerial education.

In order to provide opportunities for a significant number of those preparing for the Unitarian Universalist ministry to do so in a denominational school and in order for the denomination to receive maximum benefit from existing resources, it will be necessary to maintain and develop the existing denominationally-related schools.

In order to maintain the schools as vital centers for ministerial education and research related to the denomination, funding adequate to achieve a semblance of financial stability, excellence of programs, and reasonable financial aid for students is absolutely crucial. The schools will find it impossible, or at least exceedingly difficult, to launch new programs for meeting the variety of professional education needs of the denomination as long as they lack funds to accomplish their basic missions.

All three schools also need curriculum enrichment in some areas. At Harvard it will be especially important to continue and if possible to increase the presence of Unitarian Universalist scholars on the faculty. Meadville/Lombard especially needs to strengthen its programs in religious education and in pastoral care. Starr King needs to strengthen its offerings in religious education and implement the Reinhardt Professorship program. All three require additional funds to improve their library collections and programs. All three need additional funding in order to strengthen their programs of relating to external constituencies and financial development. All three need additional funds for providing adequate financial aid to students, many of whom will be entering the relatively low-paying profession of the ministry with very high educational debts. All three need to have more adequate funds to maintain their buildings.

The UUA, Starr King and Meadville/Lombard have had extensive experience with internship programs in which seminary students receive a significant portion of their training in full-time internships in Unitarian Universalist churches. The schools have not, however, been able to undertake the kind of supervisor training thought to be desirable. Internship programs at many of the non-Unitarian Universalist theological schools attended by Unitarian Universalist students are non-existent or of limited quality. Clearly there is a need for a denominationally-coordinated internship program with significant UUA involvement and/or sponsorship.

Anticipating that at least 150-200 men and women will be preparing for the ministry at non-Unitarian Universalist schools over the next decade, it is imperative that they have opportunities to be exposed to, and engage others in, discussion of Unitarian and Universalist historical and theological traditions. An annual program designed for this purpose will go a long way toward meeting this need.

The Association will also work with the schools and with non-Unitarian Universalist school students to strengthen the preparation in the practical skills of ministry, e.g. preaching and worship, parish organization and administration, conflict management, pastoral care, etc.

(2) Continuing education for ministers.

A variety of structured opportunities for intensive short-term study in continuing education, in addition to those already in existence, should be made available. For example, two one to two-week institutes of a practical kind and two more theoretically oriented each year, along with sponsorship of several two or three-day workshops would begin to meet this need.

Programs in collaboration with theological schools and other educational institutions, would make some use of independent study, peer-group discussion and review, sabbaticals and short-term study periods.

While some opportunity now exists for practicing ministers to acquire the D.Min. degree at Meadville/Lombard through part-time study, the existing program is only practical for ministers resident in the Chicago area. This program could well be expanded to involve ministers outside the Chicago area.

(3) Advanced training and research institutes.

Within theological education at large there is need for several institutes or centers for concentrated research and advanced education and training. While any number of such institutes might be imagined and might be implemented over a long period, there is an apparent need for at least three at the present time: (1) in religion and ecology, (2) in public issue and urban-oriented ministry, and (3) in the relation between science and religion. Since such institutes would be more viable both educationally and financially with backing from several schools and denominational traditions, it probably would not be wise or efficient for Unitarian Universalists to seek to establish such institutes independently. Unitarian Universalists should, however, be prepared to participate in such ventures with human and financial resources when appropriate. They could also, in some instances, take some initiative to have appropriate institutes established.

(4) Religious education.

Existing educational programs for preparation for leadership in religious education within the denomination are inadequate. The RE Futures Committee, which is now at work on new directions in religious education, is addressing the relationship of (1) leadership training, (2) curriculum development and (3) educational research to theological education. Though the details of the Committee's recommendations will not be available until fall, the denomination needs to be prepared to implement or strengthen these relationships. This might take the form of anything from more active participation of theological educators or curriculum development to a Chair for religious education at a Unitarian Universalist-related theological school to a denominational religious education center for educational and training programs and for curriculum research and development.

Funded Needed

The following cost estimates are necessarily tentative but they clearly indicate that the need is very real for at least an additional nine million dollars of capital. In fact, the programs outlined here suggest a need for some 11 million in additional endowment. However, there is good reason to believe that the existence of programs such as these would attract some funds from other sources and that in some instances, particularly the religious education program, funds already in the UUA budget could be transferred to this purpose.

- (1) Denominational support for basic theological school programs -- \$260,000.

This would provide financial resources to the schools for such basic needs as financial aid to students, internship programs, curriculum, library development, administration and building maintenance.

- (2) UUA administered financial aid for students -- \$50,000.

This would make it possible to provide more adequate financial assistance to men and women preparing themselves for ministry in Unitarian Universalist churches. It would also allow for a modest growth in the number of students supported.

- (3) Program enrichment -- \$12,000.

The UUA needs additional funds to encourage and support the development and implementation of special programs of practical ministry skills.

- (4) Unitarian Universalist Traditions Program -- \$8,000.

The program on Unitarian and Universalist historical and theological traditions designed especially for seminarians attending non-Unitarian Universalist schools and sponsored by the Joint Schools Committee last summer at Meadville/Lombard needs a source of continuing funding.

(5) Continuing education -- \$95,000.

This would make it possible to employ a small staff to devote full-time to continuing education and run a variety of short-term workshops and institutes.

(6) Advanced training and research institutes - \$25,000.

This would provide funds for Unitarian Universalist participation in a variety of needed institutes for advanced research and training. In some cases, funds might be used to contribute to start-up costs of programs which should eventually be financially self-sustaining.

(7) Religious education -- \$100,000.

Any kind of adequate program for developing future leadership and curricula in religious education is likely to cost at least this much, and possibly considerably more.

The total financial need for theological education estimated here comes to \$550,000 a year. This would be the expendable income from an endowment of 11 million dollars. Of this amount, 9 million is requested from the North Shore Unitarian Society for the Unitarian Universalist Theological Education Fund on the assumption that it will be possible to obtain some new funding from other sources.

F. DISTRIBUTION OF FUNDS

Because we are requesting that this endowment restricted for theological education be made to the UUA, ultimate fiscal control must rest with the UUA Board of Trustees. In order for the Board to receive the best advice as to how income from the endowment should be dispersed each year, we propose to establish a Panel on Theological Education which would (1) review the programs of the three theological schools annually to insure that those programs are consonant with the needs of our ministry; (2) consider other programs which deserve funding within the purposes of the

endowment (e.g., continuing education; religious education; research, etc.); and (3) prepare annually for the UUA Board a grants distribution inventory.

The Panel on Theological Education would consist of:

- Two (2) members of the UUA Administration
- Two (2) members of the UUA Board of Trustees
- One (1) practicing Parish Minister
- One (1) practicing Minister of Religious Education
- One (1) non-Unitarian Universalist theological educator

In addition, the UUA Director for Ministerial Education would serve as Executive Secretary to the Panel, and one (1) representative from each of the three theological schools would be non-voting members. Except for these three non-voting members (who would be appointed by their institutions), and for the two members of the UUA Administration (who would be chosen by the Administration), the Panel would be appointed by the UUA Board of Trustees and would serve for two-year terms concurrent with other UUA Board committees.

Because the purpose of creating such a panel is to provide the UUA Board with expertise and information which would otherwise not be available to it and in order to avoid politicalization of the process of making grants for theological education, we are recommending that the grants distribution inventory prepared each year by the Panel for the Board is to be reviewed and approved by the Board separate from the regular UUA budget process and that the UUA Board will have the power to return that inventory to the Panel for re-consideration and re-submission to the Board if the Board is not satisfied with the recommendations.

January, 1981