

Memo: Establishing a UUA Panel on Theological Education Fund
Submitted by: Susan Frederick-Gray, President, Carey McDonald, Executive Vice
President and Andrew McGeorge, Treasurer.
October 5, 2022

Request: We request the Board approve the creation of “The Fund for Unitarian Universalist Theological Education.” We submitted this proposal to the Values and Resources group in advance of the Board and received their affirmation of the approach and support for the approval of this fund.

Recommended Motion: *The Board approves the creation of an endowed fund named “Fund for Unitarian Universalist Theological Education” according to the governance document presented by the President and staff. Distributions in the form of grants from the Fund will be determined by the Panel on Theological Education according to the governance document and the regular processes in place for distributions from the Trust for Theological Education.*

Background Context: The UUA has a committee of the President called the Panel on Theological Education (The Panel). The Panel was established in 1983 through the Theological Education Endowment Trust Agreement from the Congregation of Shelter Rock with the UUA which established the Trust for Theological Education (the Trust). The Trust is held by and administered by the UUA to support theological education.

Initially a UUA Board of Trustee committee, the Panel was moved to the Office of the President during the previous governance transition to Policy Governance. The Panel determines annual grants from the Trust distribution to support theological education, continuing education for religious professionals, grants and scholarships, including for individual UUs completing their doctoral work and scholarly research that will contribute to theological education and Unitarian Universalism’s impact and presence in theological education. The primary beneficiary of the Trust distributions (at least 60% of annual distributions) are our two UU identity theological schools – Meadville Lombard Theological School (MLTS) and Starr King School for the Ministry (SKSM). This provides at least a \$200,000 annual unrestricted grant to each school. The Fund also supports Renaissance modules that offer continuing education for UU Religious Educators and the Unitarian Universalist Ministers Association’s Ministerial Formation Network which provides vocational advisors and coaching for UU seminarians.

The Trust provides a vital source of regular and ongoing support for our UU identity schools in a time of tremendous change in theological education. Over the last decade, we’ve seen well-established seminaries close their doors entirely or fold their programs into larger institutions. This continues to be a precarious time. Our UU identity schools have a unique role as stewards of our history, heritage, and theology. In addition, they provide a vanguard of transformative religious education rooted in Unitarian Universalism that shapes the future of our tradition and our ministry, even beyond those

they train. (The full Gift Acceptance policy needs updating and the Jay Pacitti in Stew/Dev will be working on this to bring to the Board in the future)

In 2013, the UUA and MLTS and SKSM signed a Memorandum of Understanding to ensure right relations among our three entities and our shared commitment to nurturing transformational leadership and the distinct value of UU identity theological schools. This MOU was renewed in 2018. In both agreements, the UUA committed to increase the corpus of the Trust (raise more money for the Trust). In 2020, the Commission on Institutional Change report, Widening the Circle of Concern, also called on the UUA to provide more financial support to our UU theological schools and for individuals seeking professional religious credentials in order to lower the economic barriers for BIPOC, disabled, trans and non-binary, and poor and working-class people seeking religious professional credentials in our movement. It is because of these commitments and the recommendations of the COIC, that we are initiating dedicated efforts to grow endowed funds for theological education.

As we have begun to do substantial fundraising to increase the corpus of the Trust for Theological Education, we also reviewed the original Trust documents. The documents create a great deal of flexibility which has served the Association well. However, because the Trust was established by a gift from the UU Congregation of Shelter Rock, the Trust has language that if the UUA and all of its successor organizations dissolve, the funds could revert to the UU Congregation of Shelter Rock.

Over the last year, the UUA President and Office of Stewardship and Development, have secured over \$2.25 million dollars in gifts and pledges to support funding for theological education through the Panel. We plan to continue substantial fundraising. However, it does not make fiduciary sense for these significant dollars to be raised by the UUA and be subjected to the dissolution clause of the original gift that created the Trust. Therefore, we propose the creation of a separate endowed fund to receive these contributions. The distribution of the funds would be handled by the Panel on Theological Education, according to the current purpose and practices of the Panel and according to the new Fund's Governance Document (attached). In practice and distribution, the funds would be managed as if they are one fund.

Below I have excerpted the relevant portions of the UUA Gift Administration Policies and Guidelines that relate to the receipt of gifts for Permanent Named Funds. Given that the establishment of a permanent named "Fund for Unitarian Universalist Theological Education" is in alignment with existing projects and priorities of the Association (including the recommendations of the COIC), we believe that if a gift was given for the purpose of establishing this Fund the staff could proceed without Board approval. However, in this case, the President and Director of Stewardship and Development, Rev. Lauren Smith, are recommending the creation of this permanent endowed fund to receive gifts and therefore believe it is important to have Board approval.

I am excited and grateful to be able to propose this Fund to the UUA Board of Trustees. Increasing support for our UU identity theological schools and for professional religious

formation has been a key priority of mine that was waylaid due to the pandemic. Our strong fundraising this past year is a testament to the importance of this investment.

This proposal is the result of a collaborative effort, spearheaded by the Rev. Lauren Smith, Director of Stewardship and Development, and in partnership with the Office of the President and Finance, including the Treasurer and CFO, Andrew McGeorge. I want to specifically acknowledge the tremendous research and legal work of Jay Pacitti, the UUA's Donor Relations Director. Jay did the bulk of the research in the process, legal implications and drafting of this proposal. I also want to offer appreciation to Phil Murray, the UUA's former Endowment Funds Senior Accountant (now retired), who helped in our early work to research the initial Trust and its limitations with respect to dissolution.

UUA Gift Administration Policies and Guidelines

The gift administration policies and guidelines set forth in this document are meant for internal administrative purposes only. Any proposed gift of \$10,000 or more that lies outside these guidelines or that is restricted to programs or projects that are not a part of existing Board-approved programs and projects for the Association will be brought to the UUA Board of Trustees for its approval and acceptance. The UUA Board of Trustees must give its approval before the UUA may accept any proposed gift that appears to subject the Association to litigation or to legal or financial liability. The UUA President or Executive Vice President, acting with the Treasurer may accept any gifts that fall within the guidelines included in this document and restricted gifts of less than \$10,000.

PERMANENT NAMED FUNDS

1. The UUA welcomes gifts that establish permanent funds for the benefit of the Association and UU entities.
 2. The suggested minimum contribution for a permanent named fund is \$50,000.*
 3. Gifts establishing permanent funds for Board-approved initiatives, such as for the training of lay and professional religious leaders, will be reviewed by the Gift Council and appropriate UUA staff on a case by case basis in order to ensure that the institution can fulfill the donors' wishes.
 4. Permanent funds restricted to purposes not already approved by the Board (i.e., for undergraduate education or for specialized studies in fields such as law or art) will be accepted only if the Board of Trustees is satisfied that the administration of such gifts will not place an undue burden on UUA staff and volunteer energies.
3. In accordance with the Internal Revenue Code, the UUA cannot accept gifts that provide a scholarship for a particular person.

4. Contributions will be invested and managed according to the Investment Policies and Guidelines of the Association, as adopted by the UUA Board of Trustees from time to time.

5. The UUA will make full disclosure of its Investment Policies and Guidelines and Fund performance to prospective donors upon request. Annual reports of performance and use of the funds will be made to donors of named funds.

**Note: There is confusion about this amount. The policy from 2005 lists this as \$50,000, but an updated policy from 2015 lists it at \$500,000, but that was not brought to the Board for approval. We recognize that the threshold for creating permanent named funds needs to be higher than \$50,000 and is one of the pieces needing update in the policy.*