

Information Concerning the NNED Board Proposal to Dissolve the District

November 2019

This document was compiled by NNED board member Rev. Paul Sanyer as an effort to provide some basic information for congregations prior to meeting with board members. The board will provide additional and more formal information as the process becomes clear and more settled in the coming months.

After extensive consideration, your Northern New England District Board is recommending that delegates from our NNED congregations vote to dissolve the District at the 2020 annual meeting, which will take place April 24-25 in Nashua, New Hampshire.

It is the board's express desire to have as many delegates present as possible, from as many congregations in the District as possible, for this historic vote.

The board is also committed to ensuring that the boards, delegates, and other interested members of the congregations have as much information as possible concerning the proposal prior to the meeting, so that all those who are interested have ample time to consider the relevant information, and have been able to ask questions and share their thoughts with the board and others before we come to the time to take the vote.

This decision to recommend dissolution has come after a number of years of significant effort exploring the purpose of the District following the shift of all program responsibilities to the staff of the New England Region of the Unitarian Universalist Association in 2015. Through these last five years volunteer District board members have explored a number of possibilities for the role the District might play in continuing to support our congregations. While the board has been able to work productively with Regional staff and many volunteers from the congregations, we have also found that there is limited energy in congregations for increased levels of local programming and organization. In the past two years we have become increasingly convinced that our collective energy would be better used in some other fashion than in continuing to maintain the District-level structure.

In addition, we feel that adding an increased awareness of, and more intentional connection with our neighbor congregations in Southern New England will offer an opportunity for richer and more effective relationships among congregations facing similar concerns, challenges, hopes, and dreams to our own.

The following document addresses some of the most common and most important questions and concerns we have heard from congregations concerning the possibility of dissolution and the vote taking place on April 25. All congregations in the District are encouraged to contact the District board for further information, if needed.

What is the state of the District at this point?

Currently the district continues to operate in conjunction with the New England Region. Since the beginning of the Region in 2015, all leadership positions at the District level have been volunteer positions.

The District currently employs two very part time staff: one administrative assistant and one bookkeeper. All program responsibilities and program staff positions formerly included in District operations are now held by New England Regional Staff.

Under a memorandum of understanding with the other New England districts, substantial income from our District trust funds continue to support the program staff and operation of the Region financially, as do funds from the other districts. In addition, the work of the Region continues to be supported by the UUA budget through annual program fund contributions of the congregations and other funding sources.

What is the current balance of funds held by the District? Where did these funds come from?

At the close of fiscal year 2018-19 our assets totaled just over \$3.9 Million. Of this total, about \$3.2 Million is in various funds held by the District and about \$624,000 is in the form of trusts held by the UUA with the proceeds benefitting the District.

These funds nearly all originated from previous funds held by the state-level Unitarian and Universalist organizations in New Hampshire and Maine at the time of consolidation in 1961. Those funds were the result of a combination of earlier donations and bequests given to the state-level organizations by individuals and congregations, and the transmission of assets from disbanded congregations in New Hampshire and Maine.

At the time of consolidation in the 1960s, the Vermont legislature did not allow for similar funds held by the Vermont-Quebec Universalist Unitarian Convention to be transferred to the New Hampshire/Vermont District, so the VT-Quebec Convention still holds those funds in trust for the benefit of its member congregations. The VT-Quebec Convention regularly contributed to the operation of the NH/VT District in previous years, and in recent years has made generous annual donations in support of Chalice Lighter grants offered by the District.

What are our District funds being used for currently? How does that compare with past practice?

In fiscal year 2018-19, which ended on June 30, 2019, distributions from District funds totaled just over \$175,000. Consistent with the practice in most non-profit organizations, the annual distribution of funds from our endowment is set by our Trustees, and can be no more than 5% of a 13-quarter rolling average balance.

Additional income in 2018-19 also came in in the form of registration fees, donations, and interest, giving us a total revenue of about \$192,600.

Under the memorandum of understanding with the other New England districts, in 2018-19 we contributed just over \$139,000 to “Regional Joint Projects” which is support for Regional staff and programs in essentially the same fashion, and in a comparable amount, as we provided under co-employment of District Staff before regionalization.

We spent about \$35,000 in FY 2018-19 on the infrastructure of the District, including the part-time staff salaries, office expenses, board and trustee expenses, legal fees, and other needed work. One primary aspect influencing our decision to recommend dissolution at this time is our hope to eliminate or at least seriously diminish this expenditure which is currently required simply to maintain the District structure.

All told, we spent about \$217,500 in fiscal year 2018-19, which reflects a nearly \$25,000 deficit. However, this amount includes \$44,272 dedicated to fulfilling matching contributions of congregations to Black Lives UU, so our actual budget for operations expenses, not including this one-time justice-centered contribution, was lower than our revenue.

While the structure is now different than it was in pre-regionalization years, the relative levels of financial support are consistent with the former shared co-employment structures that were in place for District Staff.

For comparison, in fiscal year 2014-15 distributions from District funds amounted to just over \$179,000. The UUA budget contributed just over \$159,000 toward co-employment of District staff. In addition we received about \$101,000 in district dues paid by congregations. Other income was produced as a result of registration fees and other program costs. In that year the total District expense budget was just over \$457,000, which represented a \$13,000 surplus.

If the District dissolves, what happens to the current District funds?

Under the terms of our by-laws and articles of incorporation, directions for the transfer of funds upon dissolution is clear. In the words of the dissolution clause of our by-laws:

“In the event of dissolution of our District without successor organization(s), there will be a transfer of the investment of assets to our UUA with language guaranteeing that such transferred assets be held and used exclusively for the congregations within the area of the former District, wherever within that area, and however those assets and their income are determined to be most needed by our UUA.”

While numerous other possibilities for distribution of the funds have been raised (see below for further information), your District board feels that the most prudent course of action upon dissolution is to follow this action set out in our governing documents.

Following this action would mean that the funds would be held and managed by UUA staff, and that the funds would continue, essentially, to do the work they have done in previous years, supporting the programs, staff, and program volunteers that serve our congregations in Northern New England.

Are any of the current District funds restricted? What happens to those restrictions if the funds are turned over to UUA oversight?

The vast majority of our funds, 98%, are unrestricted.

Over the last generation or two, District leaders have worked to decrease our holdings of restricted funds, many of which were small enough so that expenses for maintenance of the funds could be seen as out of balance with the expected proceeds. Where the funds were restricted to the benefit of a certain congregation, those funds were transferred to the congregation named in the restriction.

A small percentage of the funds currently held by the District, about 2%, are restricted for the benefit of all UU congregations in New Hampshire. Our governing documents require that we include language maintaining these restrictions in our transmission of funds to the UUA, so we anticipate that the current use of these funds will continue.

Could we decide to use our funds in a different manner than simply turning them over to the UUA to continue to be used for the benefit of Northern New England congregations? Could we divide the funds up among the congregations? Could we make distributions to organizations doing good UU work in the District prior to turning over the funds?

Your District board feels strongly that the most prudent course of action is to proceed as directed in our governing documents, turning over our assets to the UUA for the ongoing benefit of congregations in the area served by the District.

However, suggestions to do otherwise have arisen from various sources in the District, and we are currently consulting with legal counsel to see what legal and organizational actions would be required to make other arrangements of any kind possible.

Currently we are aware only that such actions would complicate the process of dissolution to a significant degree, and would likely require extensive legal expenses and additional years of proceedings to accomplish. This complication is a significant factor in your board's decision to recommend that we hold to what we feel is the most efficient and prudent path, following the directions of our governing documents.

One action that we are clear we *cannot* take is a distribution of the funds directly to the congregations. Our articles of incorporation are explicit in stating: "There shall be no shareholders. No members shall be entitled to assets upon dissolution."

As we learn from our legal counsel what actions may be possible, and what procedures and provisions we would need to undertake to follow such possibilities, we will share the information with the congregations. If it is determined that there are legal possibilities for congregations to propose alternatives to a simple transfer of the funds to the UUA, the board will be clear in what actions need to be taken to formally propose such actions in a manner consistent with our by-laws and practices. As a board we are committed to following the will of the delegates as determined by voting at the annual meeting in April

Could we shift the current use of the income from our funds to hire our own dedicated District staff who would focus specifically on the needs of Northern New England congregations?

We could not take on the oversight energy and expense of hiring District program staff without significantly changing our connection and commitments to the UUA and to the staff and congregations of the rest of the New England Region. To provide funding for even one full time program staff person, we would have to significantly decrease our current financial commitment to shared staff and programs in the New England Region. In addition we would need to devote significant leadership energy in the district to creating and overseeing the employment structure to support and supervise such program staff.

We feel that our energy and resources would be better directed toward strengthening our connections with our Regional staff, and working with that diverse and talented group of people to ensure that the needs of our congregations are appropriately served. While we're aware of some disappointment with the relationship of congregations to staff with the shift to regionalization, we're also aware that our regional staff have been going through numerous transitions and re-structuring in recent years, and that beginning in fall 2019 we're experiencing the first year that all the intended program positions on the regional staff are filled. We believe that if we clarify the structure of our relationship with the regional staff by removing the intermediate District layer, together we will be better able to offer feedback to regional staff and to work toward ensuring the specific support and programs we need from our staff.

It's also important to remember that when we had District program staff in past years, they were always "co-employed" and compensated by a combination of District and UUA funds. It is clear that UUA staff support is now dedicated to the regional staffing level, and would not be available for District staff. It's clear then, that the level of staffing we could provide on our own without seriously depleting the principal of our funds would be significantly lower than it was in earlier years, and for that reason that we would struggle to achieve a staffing level that had a reasonable chance of serving the diverse congregations in our District in an effective manner.

In short, we believe that we already have dedicated staff serving our congregations currently employed by the New England Region, and that while there is clearly still work to be done in relationship-building and clarifying how regional programs and staff match our needs, we will be better able to do that work in conjunction with our partner congregations in New England and without the intermediate structure of our District.

What will happen at the Annual Meeting? Do delegates need to be present on Friday evening in order to vote? Will we use standard procedures including Roberts Rules of Order for the vote on April 25?

Specific plans for the meeting are still being developed, but a few important considerations are already clear.

Delegates *do not* need to be present on the evening of Friday April 24 in order to vote on Saturday. The Friday evening program will be a time of connection, conversation, and, we hope, some fun. A professional Pub Trivia organizer who is a member of the Nashua congregation will lead us in a round of UU Pub Trivia. We'll also share a time for those who wish to tell stories and share memories about our District, and our previous Districts. And we will also have some time when those who wish to can further discuss information concerning dissolution.

The Saturday program will include brief opening and closing worship services and workshop programs offered by New England Regional staff, but we are committed to ensuring that ample time is given for the business meeting and the important vote on the resolution of dissolution.

In accordance with our by-laws we are also committed to ensuring that the procedures of the meeting follow accepted principles outlined in Roberts Rules of Order, and we are working with legal counsel to ensure that the procedure is appropriately followed, including having a qualified parliamentarian present.

However, we also plan to ensure that there is time for small group discussion and other less formal forms of consideration to occur during the day, prior to any final votes. Some of the program blocks during Saturday will allow attendees to choose further discussions concerning dissolution or to participate in workshop programming. Our hope is that such a structure will allow for both a full exploration of the issues involved in dissolution, and ample program options for those who wish to participate in other forms of learning and connection.

As we determine the final schedule and the rules of procedure for the meeting, we will share these plans with the congregations in a time frame that allows for feedback from congregations prior to the meeting.

Is dissolution already a “done deal”? Are you on the District board reaching out to congregations just to tell us how you want us to vote in April, or are you actually interested in our opinions?

Dissolution will only occur if it is the will of delegates at the annual meeting. While we on your District board feel that dissolution is the most prudent action at this time, we want delegates to consider all the issues involved as fully as possible, and to vote their conscience in accordance with their congregation's wishes at the annual meeting. We are reaching out to congregations at this time in an effort to provide the most complete and current information we have so that congregations and delegates will be as fully informed as possible.

We are deeply interested in your opinions, your feelings, and your wisdom concerning our faith tradition's shared future in our District and beyond. We are actively working to determine what alternatives or adjustments to simple dissolution would be legally possible and what processes would be required under our rules to determine if such alternatives are the will of the delegates.

While dissolution is not a “done deal” at all, our ongoing communications with congregations do suggest that a significant majority of our congregations and their delegates are in favor of dissolution at this time. We hope that every congregation will consider the issues fully, and will send delegates to the annual meeting who will make an informed vote in accordance with their conscience and congregation's wishes.

What are the benefits of dissolving the District?

Your District board feels that there are many benefits to dissolving the District.

First, we know that many of the challenges and hopes and dreams of congregations in our District are shared by many of our neighbor congregations in Southern New England. We know that inviting a richer crossing of the old boundaries of districts and states will present numerous openings for sharing, in addition to those we already share through our connection with the programs and staff of the New England Region.

For instance, there are many small rural congregations in Central and Western Massachusetts that share similar structures, practices, and needs to those in our rural area. And many of these congregations are closer geographically to similar congregations in our District than some of us are to each other.

In addition, it is clear to your volunteer District leaders that many of those in our District are confused about what roles and responsibilities are held at the District level, and what roles and responsibilities are now held at the Regional level. We've seen that paths for feedback, communication, and support have been slowed down by this confusion. We're also aware that at times, advocacy for the needs of congregations that would be more effectively taken up with Regional staff has been directed at volunteer District leaders. We feel strongly that clarifying the lines of communication and responsibility, and simplifying the organizational structure of our shared connections will be a significant benefit to congregations in our District.

In addition, we hope that shifting some organizational energy away from maintaining the current District structure will allow many good and creative and faithful people from our congregations to focus on other connections, including local connections such as more formal combined efforts among neighbor congregations, such as the work currently underway in the Ellsworth-Castine-Belfast cluster in Maine, and currently emerging in the Upper Valley of New Hampshire & Vermont.

Just like many of you, many of us who are serving in your District leadership have experienced feelings of loss and some disappointment since the time of regionalization. As we've engaged with New England Region staff and programs, however, we've also found numerous experiences of inspiration, connection, and learning. It is clear to us as people who care deeply about our faith at all levels, and who understand the special nature and history of Unitarian Universalism in Northern New England, that opportunities for mutual support and the effective and faithful use of organizational energy and inspiration for innovation are far more likely to increase with dissolution than with an ongoing effort to maintain our current District structure.