



Southern
Region



A Covenant of Understanding

Between Districts of the Southern Region
and
The Unitarian Universalist Association

Final – March 19, 2015

Introduction and Intention

Since a seminal meeting of Boards and staff in Orlando, Florida in 2010, the Southern Region has pioneered a new way to serve our faith. Based on our heritage of mutual covenants for shared ministry, the Region has been reinventing itself to build a new way.

This bold experiment has called forth new understandings of linkage, covenant, accountability, leadership and partnership. It has challenged us to closer relations among ourselves and our national Association. It has also inspired new ways of reaching individuals and groups sharing our values beyond the congregations. We have done this out of a yearning to grow our Faith, to have a larger voice and greater capacity to build Beloved Community. We care deeply for a better, more innovative future for us all.

Accordingly, the four Southern Districts (being Florida, Mid-South, Southeast, and the Southwestern Conference) have embarked on crafting a regional ministry and identity. We have consolidated all our program and financial operations. We have let go of “co-employment” of our dedicated program staff; each is now a UUA employee serving the entire region as “Congregational Life Consultants.” An outcome of these changes is that the District Boards have determined that their role in governance and staff supervision is no longer needed. The member congregations agreeing, the Boards desire to disincorporate and remove themselves from any governance, staff employment or staff supervision role, believing the UUA Board is the UUA’s proper governing authority and our UUA operational structure is best suited to oversee staff and regional services.

As we do this, the Boards affirm an ongoing need to honor and preserve the cultural context and identities represented by District boundaries. Instead of governance, the Region’s lay leaders seek to devote their service toward creating a greater shared ministry through a model of “elder leadership” and strengthening geographic and affinity clusters throughout the Region.

The Boards of Directors/Trustees of the Districts currently comprising the Southern Region will recommend to the Region’s congregations in April, 2015 a plan to disincorporate as legal entities as of June 30, 2015 or as soon as legally possible thereafter. Pending approval by all four District Assemblies, all employees, assets, properties, income, and financial responsibilities of The Districts will be transferred to the Unitarian Universalist Association of Congregations, hereafter referred to as “The UUA,” under the following terms. The purpose of this document is to articulate shared promises between District leaders and our UUA to make a new structure possible. This agreement also specifies the promises and responsibilities of the Director of Congregational Life (DCL) regarding this new structure.



Legal Status

The Region will not have a legal identity or not-for-profit status separate from that of The UUA. When and if a tax identification number is required for a legal transaction, the number will be that of The UUA. The UUA will file for tax-exempt status in all states included in the region, for the purpose of sales tax exemption. Acquisition costs related to disincorporation, primarily legal fees, will be paid by the region. Legal costs and insurance claims related to events prior to the regionalization will be borne by the region.

Governance

Governance responsibilities for the region will be handled by the Board of Trustees of The UUA and the General Assembly of The UUA. As detailed below, the Board of Trustees of The UUA will take responsibility for linkage with the Congregations of The Southern Region. The UUA Administration and staff will work with the UUA board to explore making remote participation in General Assembly available to all legal delegates from Congregations. The UUA board also promises to clarify avenues for Southern Region congregations to bring resolutions to General Assembly that do not rely on district governance bodies.

Accountability and Linkage

In keeping with and honoring our congregational polity, the UUA will be accountable to the member congregations of the Southern Region through several ways:

- Congregational participation and voting at the UUA General Assembly;
- Governance Linkage activity by the UUA Board of Trustees;
- An Interim Southern Fiduciary Oversight Committee;
- The Southern Regional Advisory Council to the Director of Congregational Life;
- The staff supervisory and evaluation system of the UUA; and
- Congregational relationships with regional staff.

Associational Governance Linkage: The UUA Board is responsible for conducting deliberate and regular Linkage outreach to congregations and congregational leaders in the Region. The UUA Moderator will inform the Southern Region congregations how this governance linkage is to be conducted. The UUA Board will engage various stakeholder groups — such as congregational boards, cluster leadership and the Region’s Elder Council — not only for linkage feedback but also for input regarding the structure of the UUA Board’s stakeholder outreach efforts.

Interim Fiduciary Oversight Committee (FoC): To ensure compliance with this agreement, the DCL, or his designee, will work with an Interim Fiduciary Oversight Committee for two years after the districts cease to exist. This will be a committee of four, with each district board appointing one member for the two-year term just prior to disincorporation. The committee will focus on two areas of oversight: finances and staffing levels. For financial compliance, the DCL, UUA finance staff and UUA Stewardship & Development staff will meet annually with the committee to review budgeting, fund accounting and GIFT giving. For staffing level compliance, the committee, DCL and RL will annually meet to review the Southern staffing levels. If noncompliance is discovered, the FoC and the DCL will work together to make the necessary corrections. If the committee and the DCL are not able to address concerns, the committee will engage the DCL’s supervisor and ultimately the UUA Board if needed.

The Regional Advisory Council (RAC): The DCL will create an advisory council of 7-8 regional leaders. Representation will include leaders from congregational boards, regional professional groups, cluster leaders and underrepresented constituency populations. This group will assemble twice yearly to assist the DCL and Regional Lead with stakeholder outreach for the purpose of giving input to the Southern Region staff about program priorities and goal setting. The RAC will also assist the DCL and Regional Lead in their assessment of programming impact. The RAC will coordinate its work with our UUA’s Stewardship & Development Office to support enhanced regional generosity.



Staffing

Employment Status & Levels: The Districts currently partner with the UUA to co-fund 7 full-time equivalent (FTE) UUA field staff, one of whom is designated as the Regional Lead. In addition, the districts currently employ 2.5 FTE regional administrative staff.

Under this agreement, the current UUA Field Staff will continue to be employed by The UUA, and the Regional Administrative Staff will become employees of The UUA. All employees will be supervised directly by the Regional Lead who is directly supervised by the DCL. The Regional Lead will have authority over staff configuration, hiring, firing, and assessment, within the bounds of the UUA supervisory structure.

All parties understand that the Regional Lead, DCL and Leadership Council intend to maintain the existing Southern Region staff and staff configuration. All parties also understand that maintaining current staffing levels depends on Southern Region GIFT contributions remaining at current levels and increasing to cover annually-increasing costs – such as healthcare. Additionally, all parties understand that staffing configurations will need to be creatively altered in the future to support evolving strategic priorities and take advantage of economies of scale, such as merging administrative functions across regions and UUA departments. All parties value the deep relationality that has been achieved through the current robust and well-staffed Southern team.

It has been the Southern Region’s plan to add one FTE field staff member in the FY2016/17 year, funds permitting. The DCL and UUA share this aspiration for additional staff within the bounds of increased regional giving and an assessment which ensures that all regional staff teams are supported according to similar staff-to-congregation ratios.

Compensation, Benefits & Professional Expense: Assuming continued level of work performance, all Southern program and administrative staff salaries will be maintained at current levels at the time of transition. Adjustments to staff compensation in the future will take place in keeping with the routine and existing UUA budgetary practices. Professional expenses currently paid for by the Districts will be retained at approximately current levels. Benefits at the time of transition to UUA employment will be offered according to existing UUA policies and practices, taking years of service as district employees into account (and where permitted by benefits plan documents). Additionally, the UUA has the practice of considering sabbaticals for UUA staff with the understanding that sabbatical may be granted to eligible employees who have been in continuous, regular employment with the UUA for seven years or longer and that periods of previous employment with the UUA, districts, regions, congregations, or related organizations will not count toward this waiting period.

Staffing Structure and Clusters: The Regional Lead, under the supervision of the DCL, will have authority over staff configuration, hiring, firing, and assessment. All parties understand that the Southern Region Boards and congregations desire continued deep relationship between staff and congregations and increase interdependence between congregations. To this end, the regional boards and staff have created a “First Contact” staffing structure and made cluster development a priority. The DCL and Regional Lead commit to continuing these First Contact and clustering strategies, until such time that the Advisory Council and regional staff identify better strategies to ensure deep relationship, interconnection and impactful service delivery.

Regional Congregational Consultants: The Southern Region Staff Team intends to continue developing and deploying Regional Congregational Consultants. With the support of and under the supervision of Regional Staff, they will be required to submit the appropriate paperwork to The UUA for payment as contractors. Payment schedule and amount will be determined by the Regional Lead in consultation with the DCL. All parties understand that the amount available to fund regional congregational consultants, trainers and other contractors will remain at approximately the same level as has been funded by the current district budgets, assuming that Southern Region GIFT contributions remain at current levels. The UUA will issue the appropriate 1099 Tax Forms for consultants where required.



Finances & Stewardship

Existing Assets: All assets (savings and investments) currently owned by the Districts will be transferred to The UUA and held in restricted funds for the purpose of funding Southern Region programs and initiatives. These restricted funds will be safeguarded and/or appropriately invested by The UUA in a manner that balances opportunities for growth as well as reasonable availability for use. If the Region's operating expenses exceed its budgeted annual allocation or if the UUA incurs legal costs and insurance claims related to events prior to the regionalization, monies may be drawn from the Southern Region designated/chartered fund to off set the income shortfall.

All depreciable equipment currently owned by the districts will be transferred to the UUA at netbook value.

GIFT: The GIFT program will continue to be administered and directed by The UUA Stewardship and Development Office. The Southern Region Field staff will actively support and promote GIFT under the direction of the Stewardship and Development Office's Congregational Giving Director or Director's designee. The Congregational Giving Director will work closely with the DCL and RL to ensure clarity of roles, development strategies and needed additional capacity.

GIFT was envisioned as a three to five year pilot project of the UUA Department of Stewardship and Development to improve the ways we support and fund our association and our faith. It unifies District dues with the UUA Annual Program Fund into a single "Ask" for the Region's congregations at the level of 7% of their annual reported and certified expenses. GIFT is still unfolding its second year at the time of this agreement.

All parties recognize that disincorporation of the Southern district involves a more sustained commitment to GIFT. Thus, moving forward, the UUA commits to the responsibility of collecting congregational dues through GIFT or similar single ask stewardship models. The UUA further reaffirms its 2013 commitment to provide appropriate stewardship support staffing, which is currently being achieved through S&D administrative staff support and contracted services with a consultant from the Congregational Stewardship Network.

As we support southern region congregations transitioning to this new model, all parties share a commitment to working with congregations participating in the UUA loan program to help them maintain their loan rate status. For the next 2 years, the UUA may consider temporarily granting the favorable loan rate status to congregations who fall short of fair share status but have a plan to return to it within a reasonable timeframe.

Regional Budget Allotment

The UUA affirms its intention to maintain the Southern Region's current staffing levels and robust programming. To achieve this, the UUA intends to use the Southern Region's 2013-14 actual income amount (approximately \$1,200,000.00) as the baseline for determining its Congregational Life Southern Region program budget. This amount represents approximately 27.5% of the total dues collected from regional congregation in fiscal year 2013-14 (District and APF dues combined). Thus, for the near future, the UUA intends to devote approximately 27.5% of the Southern Region's GIFT contributions to the Congregational Life Southern Region program budget. All parties understand that this percentage will be used as a general guideline, with adjustments being made in light of such factors as increased operating costs (such as health care increases), increases/decreases in GIFT giving, evolving strategic priorities and new staffing models. Prior to disincorporation, the DCL and RL will meet with Stewardship and Development to confirm the precise dollar and percentage amounts that are mentioned above.

Giving Incentives

Previously, the APF Grant system served as the incentive for regional giving to our UUA. All parties understand that the GIFT model does not include this incentive approach. Instead, for the near future, the incentive for enhanced Southern congregational giving will be built around the above-mentioned 27.5%



budgeting guideline, with approximately 27.5% of GIFT increases/decreases impacting the Congregational Life Southern Region program budget accordingly.

Southern Region Program Earnings/Income: Within a given fiscal year and with the approval of the DCL, the Regional Lead and staff team may make use of regional program income. Income generated from regional programming will not carry over into the next fiscal year and funds generated will become part of the overall UUA budget. At the discretion of the Leadership Council, the Southern Region or Congregational Life budget may be increased based on significant and sustained programmatic income by The South Region.

Governance Budget Repurposing: The Southern Region Districts currently (FY 15) budget a combined total of \$30,600 for district board governance needs. This includes money for governance activities such as board travel and meetings, nominating committee work and stakeholder outreach. As these monies move into the UUA's Congregational Life cost center and assuming overall GIFT contributions remain consistent with previous years' giving, the UUA intends to use them for Southern Regional staffing and programming, with the bulk of the money being targeted to support Elder development and Southern Advisory Council work.

Special Fundraising: Donor cultivation and coordination (including major gifts as well as relief effort fundraising) is the responsibility of our UUA's Stewardship and Development Office. If approached about fundraising for special UUA/Southern Region projects or when relief fundraising is needed, the Southern Region staff will coordinate with UUA's office of Stewardship and Development. Chalice Lighter fundraising and fundraising for scholarships to attend regional events will remain the responsibility of Southern Region Congregational Life staff, with accounting being handled through Congregational Life bookkeeping processes. Southern Region staff will consult with Stewardship and Development before making major changes to Chalice lighters or eliminating it.

Check Request and Reimbursements: The UUA will make funds available for regional programs through its standard check request and expense reimbursement procedures. Working with regional administrative staff, The UUA will be responsible for the timely payment of any and all bills appropriately submitted. All parties understand that shifting responsibility for regional reimbursements to the UUA may require shifting some staffing capacity from the region to the UUA.

Event Registration & Meeting Planning

Event registration and meeting planning will remain responsibilities of the regional staff team for the near future. However, all parties affirm the exploration of ways to better align regional and UUA event planning systems and software. All parties recognize the redundancy of our current system. All parties also understand that better aligned and better-coordinated systems may require shifting some finances or staffing capacity to the UUA.

Technology, Communications & Databases

The Southern Region Staff Team currently manages its own database management, communication and webpage systems. This will continue for the foreseeable future. All parties seek database management, communication and webpage systems that are more aligned, integrated, accessible and user-friendly, but understand that this shift will take time. The UUA will honor regional culture and identity as it manages and develops regional database, webpage and communication systems moving forward.

As more integrated systems develop, all parties understand that staffing capacity may need to shift from the Southern Regional Team to the UUA's IT and webpage team.

Currently the UUA pays a subsidy of up to \$750 for computers used by UUA-employed staff in the region. The UUA also has a policy of furnishing and replacing, when necessary, one computer to each full and part-time UUA-employed staff. All parties understand that the additional costs of providing computers to regional staff will be paid from Regional resources.



Acquisition & Legal Costs

Acquisition costs, primarily legal fees and bookkeeping reviews, will be paid by the region. Legal costs and insurance claims related to events prior to the regionalization will be addressed using the regional funds transferred to the UUA and held in restricted funds for the purpose of funding Southern Region programs and initiatives.

Due Diligence Process

So that The UUA may conduct a thorough due diligence, the Southern Region agrees from the time of this covenant not to enter into new contracts, employment agreements, consultancies, significant purchases (purchases of more than \$2,500), sales or dissolution of assets, staffing changes, the hire or termination of employees, etc. without prior consultation with the DCL.

Extensions

It may be necessary for any number of reasons—including information surfaced during the due diligence process or for legal reasons—for either the Southern Region or The UUA to postpone or otherwise adjust the date of disincorporation of the Southern Region legal entities or the transference of employees, assets, properties, income, and financial responsibilities to The UUA. If this becomes necessary, the District Board(s)/Trustees and The UUA agree to notify each other in writing.

Covenanting Parties

All parties listed below have reviewed and affirmed this Covenant of Understanding. All parties understand that full implementation of these agreements requires affirmative votes of the Southern Region delegates at the April 18, 2015 Southern Region District Assemblies, after which time the parties listed below will gather to review this Covenant again to clarify and affirm their responsibilities regarding implementation.

Margie Manning, Florida District President
DeAnn Peterson, Mid-South District President
Denise Rimes, Southeast District President
Mark Anderson, Southwest Conference President

Jim Key, UUA Moderator
Rev. Peter Morales, UUA President
Rev. Harlan Limpert, UUA Chief Operating Officer
Rev. Scott Tayler, Director of Congregational Life

Many Regional and UUA leaders and staff were involved in the creation of this covenant. With gratitude we list them here:

Margie Manning, Florida District President
DeAnn Peterson, Mid-South District President
Denise Rimes, Southeast District President
Mark Anderson, Southwest Conference President
Jim Key, UUA Moderator
Donna Harrison, UUA Vice Moderator
Rev. Peter Morales President
Rev. Harlan Limpert, Chief Operating Officer
Tim Brennan, Treasurer and Chief Financial Officer
Karen Wheeler, Controller Internal Services
The Rev. Dr. Terasa Cooley, Program and Strategy Officer
Rev. Mary Katherine Morn, Director of Stewardship and Development
Rev. Vail Weller, Congregational Giving Director
Rev. Scott Tayler, Director for Congregational Life
Rev. Kenn Hurto, Regional Lead, Southern Region
Rev. Susan Smith, Congregational Life Staff
Heather Bond, Congregational Life Administration Manager
Rob Molla, Director of Human Resources
Mark Steinwinter, Director of Information Technology Services
Janiece Sneegas, General Assembly and Conference Services Director