

Policy Based Governance at VUU (by Anne Schneider) An Introduction

VUU is governed by a 7-person Board of Trustees, elected by the congregation for two-year terms, with a maximum of 6 consecutive years. In 2005, VUU adopted a version of policy-centered governance based on the model being used by the Unity Church-Unitarian of St. Paul, Minnesota – a model also adopted by several dozen other UU congregations. Policies become official once adopted by the appropriate entity and then posted on the web

<http://www.vuu.org/resources/policies/>

Since that time, VUU has modified its Board Policies to adapt to our own particular circumstances, while staying true to several basic principles of good governance. These include:

- Governance is based on **policy**, rather than case-by-case decision-making by the Board or unconstrained discretion. Our governance system has and will be adapted to comport with best practices, new situations and to assure integrity, transparency and long-term stewardship.
- Governance is **mission-based**. The Board, in partnership with the Minister and professional staff, is responsible for periodically leading the congregation in an exercise to articulate VUU's expanded mission. VUU's mission (the "ends" in our Board Policy) was last updated by the board in 2017 following a series of focus groups involving the entire congregation.
- Decentralization is used whenever feasible, with authority, responsibility, and trust placed in the hands of those with the greatest expertise and day-to-day operational experience.
- A clear distinction is made between Board authority and Ministerial authority; but there is no "wall of separation." A vibrant partnership and communication flow is expected in relation to several shared aspects of governance and ministry.
- Board work is mainly "big picture" work (e.g., fiduciary responsibility, policy development, "big decisions," "where are we going now," oversight) with authority for "ministry work" belonging to the Senior Minister, who is responsible for all of VUU's ministries.
- The Board is assisted in performing its responsibilities by several standing and ad hoc committees, such as finance, stewardship, capital planning, policy, and facilities. Board committees, however, do not advise or supervise the work of the Senior Minister, staff, or committees that report to the Senior Minister unless specifically asked.
- VUU's ministries are organized into clusters of related activities and all report to the Senior Minister. Some are led by the Senior Minister, Music Minister, Director of Faith Formation, the VUU Administrator and others are lay-led. With the exception of facilities, stewardship, and finance and those that are elected by the congregation, all other entities report to the Senior Minister who has the authority to review, reorganize, and change their organizational arrangements.
- Ministers, staff, and the ministries / committees that report to the Senior Minister do not need to "seek permission" from the Board. The Senior Minister is responsible for Sunday and other services and supervises staff; and is empowered to determine the best means to achieve VUU's mission – within broad limitations established by Board Policy.
- The Board of Trustees and the Senior Minister work in partnership to ensure VUU's future as a vibrant force in the lives of members and the larger community.
- The Board is committed to honesty, transparency, and integrity in all of its work for VUU.

VUU governing philosophy draws on ideas from Carver's Policy Governance™ but also from Dan Hotchkiss' *Governance and Ministry*, "mission-based governance," "adaptive leadership," and even "starfish" principles, such as those found in Ori Brafman's and Rod Beckstrom's book, *The Starfish and the Spider: The Unstoppable Power of Leaderless Organizations*. Designing the best possible governance system for VUU is an on-going project, as we learn from our own experiences, adapt to our unique circumstances, and continue to search for good ideas found in the literature and research on governance models for nonprofits and religious organizations.

The Board works with the Senior Minister, Music Minister, professional staff, and other lay leaders in an on-going effort to ensure that governance is a positive feature of VUU. Good governance will enable, empower, and support all those who wish to contribute their time, talent, and energy to VUU.

Governance Made Simple: VUU's Policy-Based Governance Model (by Anne Schneider)

Updated July, 2018 and Sept. 2021

What is Policy Governance?

Policy governance is a *shared* system of leadership that empowers people at all levels to use their creativity and expertise to achieve VUU goals without micromanagement. It empowers the Board to establish "ends / outcomes" (the broadest level reasons that VUU exists), to exercise oversight of the executive arm of VUU, and to evaluate progress toward ends/outcomes. It empowers the Minister and other staff as well as lay leaders to choose the most appropriate means to achieve VUU ends. At VUU, policy governance documents are simply called "Board Policies" and can be found at <http://www.vuu.org/policies> under "Board of Trustees." The Board adopts these. By Laws are adopted by the Congregation as a whole.

What Does the Board of Trustees Do?

Under policy governance, the Board is responsible for establishing VUUs' extended mission statement, also called "ends," which are the overall purposes and reasons for existence of VUU. It delegates to other leaders the authority and responsibility for choosing the most appropriate means to achieve these ends, without meddling or micromanagement. The Board does not say how something should be done, but it establishes policies that limit discretion to ensure that leaders do not act in ways that are unlawful, unethical, that violate UU principles, or that threaten fiscal or organizational integrity. The Board represents the interests of the congregation and links the congregation to management. The Board is also responsible for:

1. Oversight of the Senior Minister
2. Setting annual goals for VUU and for evaluating progress toward goals
3. Overseeing VUU finances and making sure a budget is prepared in cooperation with the Sr. Minister.
4. Dealing with "Big" issues; or that rare issue that for whatever reason cannot be dealt with by the Ministers, in committee or by the staff.

What Does the Leadership Council Do?

The Leadership Council at VUU is chaired by the Senior Minister and consists of the other minister(s), professional staff, leaders of the ministries, stand-alone committees and task forces. It is convened at the discretion of the Senior Minister. Its purpose is to enable the Senior Minister to provide overall leadership to VUU, and for lay leaders/staff to share information.

What Are Board Task Forces? How Do Problems Get Addressed at VUU?

Most problems are addressed at the level where they occur, by the staff or committee responsible for those activities, or by the Senior Minister. From time to time, however, the Board's evaluation of VUU's progress toward its goals may indicate that concentrated attention is needed on an issue or on a barrier that prevents VUU from fulfilling its purposes. The Board may establish a short-term task force of Board members and volunteers to address the problem. Under policy governance, Board task forces are to help the Board do its job; they are never used to help or advise the staff or some other committee with its work nor direct the staff or Senior Minister. Its sole responsibility lies in providing advice and counsel to the Board. Task forces generally are short-lived and disband as soon as they have completed their work; they are not permanent.

What are “Board Committees”? Under our modified policy governance, the Board has created some standing committees that provide continuing expert advice and continued monitoring that the Board does not have time or resources to conduct:

Facilities: 4-person (or larger) team appointed by the Board to help oversee and maintain the property. VUU administrator intimately involved in this.

Finance: 7 Person team appointed by the Board to review detailed financial reports, create detailed budgets and perform internal audits. Minister or their designee are intimately involved with Finance.

Policy: A 3 to 7 member team appointed by the Board that reviews VUU Board Policy and Bylaws, makes recommendations for changes, incorporates those changes, maintains current copies and distributes chart of Regular Monitoring Reports at the beginning of each Fiscal Year.

Capital Campaign: A large and diverse team appointed by the Board to oversee any facility improvement or building projects funded by capital campaign monies. The Board has delegated decision making authority to this group.

Crisis Management / Conflict Resolution: This committee has a charter (on the web) and is appointed by the Board after a crisis has been referred to the Board as per the CMCR policy. It is an Ad Hoc committee. The terms members serve are only for the duration of an incident.

Stewardship: Fund raising committee appointed by the board that is responsible for conducting the annual pledge campaign at VUU.

Are there other committees? Yes. There are committees or task forces or other “entities” at every level that help the Ministers, staff, and lay leaders get their work done.

What Are the Benefits of Policy Governance at VUU?

- The Board is able to focus on broad-based mission (“ends / objectives”) and goals and avoid micromanagement.
- Empowerment flows down so that staff and leaders at all levels use their creativity and expertise to choose the best means to achieve VUU goals.
- Staff, individuals and committees do not need to approach the Board for permission to act provided that action does not violate Board policies. The Board does not direct (nor second-guess) the means chosen by VUU leaders, although the Board exercises oversight as does the Minister.
- If the Board’s oversight and evaluative processes indicate specific areas of concern, the Board may revise policies, “undelegate” certain areas of responsibility, or establish short-term task forces to focus concentrated attention on a problem and then spin it off to an existing or new committee.
- The organization encourages flexibility, creativity, and innovation at all levels as it grants maximum latitude for people to initiate actions and projects that further VUUs purposes.

Frequently Asked Questions (Frequently Expressed Complaints) About Policy – Based Governance at VUU

1. Where can I find VUU Policies?

All official VUU policies are on the VUU web site <https://www.vuu.org/wp-content/uploads/2021/08/guidetoovuupolicybook21.pdf>. The policy governance documents are under “Board Policy.” Other policies are found under the name of the committee or ministry. (The web page is included in this document, below).

2. Who actually runs VUU? Do we have a “CEO?”

VUU has a Senior Minister who runs VUU on a daily basis. Core staff currently includes a Music Director, the Office Administrator and the Director of Faith Formation.

3. Policy governance permits leaders to take whatever actions they judge to be the best way to pursue the mission and not in violation of policy, but what if some leaders just don’t do anything at all or just don’t get things done?

VUU’s Board policies specifically state that the Board, Minister(s), and Senior Minister shall not “cause or allow...VUU to be inefficient, ineffective, inconsistent with UU principles or inconsistent with VUU ends/outcomes.” Thus, these top-level leaders at VUU are expected to “get things done.” If someone under their supervision does not get things done, it is their responsibility to re-energize that person or ask them to step aside.

4. Does the Board maintain fiduciary responsibility? Doesn’t Arizona state law (and other state law) require the board of nonprofits to exercise fiduciary responsibility? On the other hand, doesn’t policy governance typically delegate financial matters to the executive branch –Senior Minister at VUU?

At VUU, the Board does not delegate fiduciary responsibility to the Senior Minister. Following the recommendations from Sarbanes – Oxley, and state law, VUU has modified its policy governance model so that the Board is responsible for raising funds for capital and operating expenses, and exception preparation and review of budget alternatives, and is responsible for the budget presented to the Congregation for their approval. To assist in this task, the Board has appointed a Finance committee and has a Board-appointed position called “Financial Analyst” that develops proposed revenue projections and proposed expenditures for the Board to consider. The Senior Minister is involved throughout the process and carries considerable influence in determining how funds are allocated among programs and committees that report to the Senior Minister. Board, working with the Finance committee, determines what will be presented to the congregation for their consideration. VUU policy prohibits incurring more expenditure during the year than readily-available revenue projections for that year.

During the year, the office staff (VUU contracts with a part time bookkeeper) provides monthly comprehensive financial documents to the Senior Minister, finance committee, and Financial Analyst. The Financial Analyst reviews and interprets these reports, and prepares a monthly memo to the Board and finance committee that summarizes VUU’s financial situation vis-a-vis the budget. Board members and members of the Finance committee are expected to understand the spreadsheets and gain the expertise needed to ensure the financial integrity of VUU. The Board makes a mid-year report to the Congregation.

Anyone with line-item authority can freely move money around within the bounds of their budget, the greatest such authority belonging to the Sr. Minister. If the spending exceeds 3% of the congregational approved budget the congregation must be notified. These provisions are specified in Board policy.

5. What If I have an issue or problem with the way something is done at VUU? What should I do? Do I take the complaint to the Board?

No. The Board does not deal directly with complaints except as a last resort or in direct response to a Board action or after all other avenues of consideration are exhausted and there clearly is a policy issue. The first step is to take the problem directly to the person or group you believe responsible for the problem or responsible for “fixing” it. If you are not satisfied with the response at the first level, you may take the issue to the next level (e.g., staff person in charge of the topic.) In some circumstances, the Board may convene the Conflict Management / Conflict Resolution team to investigate the problem. The Board does not attempt to resolve interpersonal conflicts or other issues unless policy changes are needed. If your issue is about something that should be done but is not, talk to the Senior Minister to ascertain who you

believe should be doing something that is not done. In some cases, you might be asked to take the lead on the activity yourself!

8. What if I have an issue with the Board or Senior Minister?

If it pertains to something the Board has done, or if a policy change is needed, you should contact the Board President about your issue. The President may satisfy your concern, or bring the issue to the Board for discussion, and in some cases may invite you to present your concern directly to the Board. If your issue is about something you want the Board to do that they have not done, you need first to be sure it is within the responsibility of the Board rather than the Senior Minister, or some other staff.

If you have an issue with the Senior Minister, the appropriate process is for you to contact the Senior Minister and request a meeting to explain your concern. If these responses are not satisfactory, you may contact the Board.

9. But what if no one will deal with my issue?

VUU by-laws provide that 15% of the members may require the Board to call a congregational meeting. So, if you cannot find relief anywhere, you may draw up a petition that clearly states the issue, obtain signatures from 15% of the membership, and the Board will call a congregational meeting with your concern on the agenda.

10. Who appoints committee members? Shouldn't VUU have term limits for committee chairs and members?

The Congregation elects the Board for two-year terms, with a term limit of 6 years, followed by one year hiatus and then the person can run again. The congregation also elects the Leadership Development committee, the Special Funds committee, and the Committee to Appoint a Called Minister.

The Board appoints members of any other Board Task Forces and Board committees.

All other committees are appointed by the Senior Minister, staff or provide for their own recruitment, membership and select their own chair. Some of these committees limit their membership and also set term limits on members or chairs. [Committee policies are posted on the web]. Others have open (unlimited) membership and generally do not have term limits, since there is no need for one person to leave just because a new person was included. Term limits are set by the committee itself, not by the Board.

11. Does the Board have a liaison to the committees? How does the Board keep track of what the committees are doing?

The Board does not have a liaison to committees, although Board members may serve on committees. With the exceptions noted in this document, committees report to the Sr. Minister, either directly or through staff. The Board keeps track of what is being done through regular "monitoring reports" (see Board Policy) from the Senior Minister and some other committees.

12. Are there other elected committees?

Yes, elected committees answer to the congregation and report to the Board:

- ❖ The 7-member Leadership Development Committee (LDC) is responsible for recruiting candidates, running the election at the annual meeting and identifying and developing future leaders.
- ❖ The 5-member Special Funds committee is responsible for managing the endowment and disbursing grants from the earnings. See the Bylaws, and relevant committee policies for more detail.