

Governance Team Report

Effectively Living the Autonomous Governance Model

Prepared for

Academy of the Cross

**Fox River Valley
Illinois**

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by the Governance Advisory Team

Background

A governance advisory team was established in January 2010 and given the responsibility to examine and propose how Academy of the Cross (AOTC) should operate, especially in relationship to congregations, once it is legally established as an autonomous organization. This team met six times during the first half of 2010 to analyze and synthesize what it believes to be important principles and practices that should shape the culture and behaviors of AOTC as it operates under its revised model of governance.

In order to make the governance team's proposal as strong as possible, the group's membership was comprised of people with diverse backgrounds and experiences. The team included Tim Benecke, member of Bethany Lutheran Church in Naperville, Theresa Chodan, member of Hosanna! Lutheran Church in St. Charles, Jack Hein, member of St. John's Lutheran Church in Elgin, Diane Perrone, member of Holy Cross Lutheran Church in Cary, Barb Pool, member of Good Shepherd Lutheran Church in Elgin, and Janet Zimdahl, Director of Strategic Development for Academy of the Cross.

Philosophical Foundation

It is important to initially note that the governance team specifically addressed the school's relationship to congregations since the most significant change in governance when moving away from an association model to an autonomous structure relates to churches. The team also noted that the dynamics which once defined the connection between school and churches now change. Under the association model the school could expect a committed amount of financial support from the member churches who then had power over the school's decisions. Neither of these characteristics exists in an autonomous structure; instead, the new relationship will be best realized as a ministry partnership that provides mutual support and benefits, enhancing the ministry potential for each partner.

The governance team also believes that other relationships...individual, corporate, and community...are absolutely essential to build a sustainable model for an autonomous high school. The philosophical tenets set forth in this report can be readily applied to how the school builds vital relationships with these other groups.

Recommendation

After considering both the strengths and limitations of the past association model, suggestions presented in a Governance Study conducted by Paul Brandt of New Horizons Ministry Consulting, and after examining what works and what does not for other high schools, the team reached the conclusion that, while no formal structure should be established for congregation membership, a strong relationship with the churches will markedly enhance the sustainability of the school. This relationship, though vital in the years ahead, will likely play an especially significant role in the successful launch of the school. Relationships, such as the one being proposed, are mutually beneficial and must be valued and prioritized in order to keep them strong. The behaviors the high school adopts and utilizes from the very beginning of the governance transition will set the tone and pattern for the years ahead. Therefore, prioritizing a proper beginning is essential.

Important Practices

There are a variety of factors to consider in building and keeping a strong connection to the churches. Highly important is that the school be very clear about its identity and communicate it effectively. As it delivers its message of purpose and mission to others, especially to the churches, it is essential to speak that message with a voice that shows competence and confidence while welcoming and actively seeking participation in a variety of ways. To do this well, the communications team should consider ways to make connections to not only congregations as a whole, but also to various groups within the churches. A variety of marketing materials and methods of communication that are designed for specific audiences, such as pastors and teachers, congregations, known supporters, and new contributors will help in solidifying these connections.

Reciprocal interaction between the school and the churches will strengthen the bond. Regular communication should come from the high school with an emphasis on inspiring churches and church members to become involved in volunteer opportunities that are clearly communicated and valued. Engaging church people as board participants, committee chairmen and team members, along with advisory participants is important.

When the school begins its actual operation, the congregational relationships will be strengthened as the high school considers and develops additional ways to be supportive of the churches in addition to delivering the actual day to day program for the students who attend the school. While only the beginning of a list of ways the school may be of benefit to the churches, the following should be considered: evening adult education in partnership with our Lutheran university system, programs that cooperatively work to strengthen the entire Lutheran educational system, and designing the school with a high potential for church and community connection.

More important, however, than listing the specific ways to strengthen the partnership between church and school is the continual embracing of the necessity to keep that relationship strong. Always in mind should be building the credibility of the school within the churches. When this is prioritized, good ideas on how to maintain the strength of the relationship will materialize.

Delicate Balance

The governance team has realized, and the leaders of the school must also, that there is a delicate balance which will at times be challenging to maintain. It is important to keep the tie to our Lutheran roots strong, yet be welcoming and open to the participation of others. Specifically that involves solidifying the relationships with LCMS congregations because that is the heart of the legacy of Lutheran education, yet today more than ever there is an essential need to reach beyond the LCMS to increase the student base to draw from as well as diversify support and strengthen financial viability.

Opportunities for Participation

Congregational involvement may take many forms, some of which are delineated below, others remain to be determined as the school/congregational relationship evolves. It is imperative that time and resources be allocated to cultivate relationships with various levels of involvement in each of the LCMS

congregations that fall within the potential catchment area for student enrollment. This radius shall be determined by the Board of Directors with consideration given to distance traveled and the location of other LCMS and/or non-LCMS Christian high schools. In addition, the Board should build relationships with non-LCMS Lutheran churches, as support from their ranks will be necessary to fully enroll the new school. Lastly, it is recommended that relationships be developed with non-Lutheran Christian congregations. The presence of a K-8 Catholic school right next to property, for example, lends itself naturally to the growth of a connection between the new high school and its nearest elementary school neighbor.

The relationships will be the strongest if they are reciprocal, with each party benefiting from the interaction. These new relationships will look different than those from the previous association model. Since the congregations are not guaranteed any ownership or control over the school, the affiliation now becomes less corporate and more personal. AOTC seeks to gain access to potential students, donors, board members and other parties supportive of the school. Thus the new high school may request that information/announcements be placed in bulletins, newsletters, e-news, and so forth. The school may also request names from the pastor of potential donors and/or board members. It is not recommended that AOTC's approach be to request a specific line item in the budget from the congregations for financial support. Congregations as a whole are struggling themselves financially and this request may drive a wedge in the very relationship that is being developed. Anyone considering approaching a congregation in this manner must be intimately familiar with the politics and priorities specific to that institution. Rather, one may suggest to congregations that they consider subsidizing tuition by offering a scholarship or grant to student members attending the high school. Each congregation would develop the specific criteria for distribution of funds to their membership and administer the funds. Often overlooked, but perhaps most important, NLHS should request that it regularly be kept in the prayers of the congregations.

What then can the school offer the congregations? The options are limited only by one's imagination. For instance, the knowledge and expertise of AOTC staff may be showcased by organizing an educational series/support group for Christian parenting of teens or tweens. In this way parents from the congregations would begin to develop a relationship with the faculty even before their children are of high school age. Another option may be to invite youth groups from the congregations to plan and participate in a larger community service project than any one group could orchestrate alone. This would highlight the emphasis on development of a servant heart at the new school while introducing potential students to currently enrolled students, thus building fellowship. AOTC students may offer to display their talents by having the choir sing at the various churches, or offering to replace a sermon with a dramatic presentation. These techniques are just a few examples of simple yet powerful methods of connecting emotionally with individual members of the various congregations, thus laying the framework for a lasting relationship.

Board of Directors

The board of directors will function as a policy based governing board. As such the board will need to hire a competent CEO and experienced staff to run the school. Clear delineations must be made

between board responsibilities and administrative responsibilities. The roles and goals of both the board of directors and the administrative team need to be specifically spelled out with written policies to support these roles. Board functions will include future focused strategic planning, policy development for the board itself and for the school, calling and hiring the CEO and approving staff calls, financial development, and building relationships. The most important relationship, according to *A Framework for Developing More Effective Boards*, available on the LCMS web site, is the relationship between the board and the school's chief administrator. The chief administrator is responsible for operationalizing policies and directives of the board. S/he is also the key resource to the board in the provision of information and expertise which allow the board to fully achieve its goals. Administration will be responsible for day to day school operations. There are many resources available at LCMS.org and other reliable sources to assist in developing and monitoring the health of the board of directors.

Board membership must be intentional. As James Galvin points out, "You cannot transition to a policy-based governance without board members who: want to do board work...can stay out of the way of staff work...and without at least one board member with significant experience." (Galvin, J.C., 2003, p. 5). The governance team has outlined further characteristics which define the composition of the board. First and foremost, board members must be persons of firm faith and exemplary character. Secondly, board membership must at least minimally conform to the RSO regulations of the LCMS which state that a minimum of 51% board membership must belong to LCMS congregations. The governance team recommends that this requirement be increased to 66% for AOTC. This firm commitment to a strong LCMS board will ensure that LCMS educational traditions and philosophies are adhered to, and may be a factor of importance for some potential donors. Next, one must strive for diverse and capable individuals with specific talents and expertise as well as a passion for Lutheran secondary education. Consideration should be given to: professional church workers (pastor or educator), alumni, educators from the secular arena, parents if they have a specific skill that is needed and can function in the board role, business leaders with access to potential funding and/or donors through their networks, and people from all walks of life who have gained the experience necessary to assist the board in setting policy.

The Funding Responsibility

Managing fiscal matters provides another example of how behavior patterns set from the beginning are likely to have an ongoing effect on the organization and its ability to succeed under an autonomous governance model. It has been apparent from the outset of the governance team's meetings that autonomy can only be realized through successful funding of the new high school. Without solid financial planning the design will have little appeal to donors and supporters. The school cannot open with overwhelming mortgage debt, and finding a lender to carry the project without the backing of congregations or other tangible support will be difficult, if not impossible.

Debt Management

In addition, the debt cannot be allowed to manage the new school; rather the school must manage the debt. It is, of course, important to not lose momentum, but with FVLA cocooned, it may be wise to

ensure that all that is possible has been done to eliminate or drastically reduce incurred debt prior to moving forward. Ongoing sustainability is compromised considerably if the new school is crippled from the beginning by debt. While it may be impossible to eliminate all debt, the board of directors should be encouraged to strive to be as close to debt free as possible upon opening. This will allow the school to make a convincing case that it is approaching funding in a different manner than tends to be typical.

A Funding Option to Consider

Consider seed money, pledges, and no interest personal loans to take the pressure off necessitating a big mortgage. One option to think about is explained below and might help the school's plan be more appealing to both donors and lenders. While this is not the only possibility to consider, it may well stimulate other ideas that the school's leadership feels will work well.

Envision a pie chart that symbolizes the total amount of money needed to build the first school building; then divide it into three slices which may or may not be of equal size.

- The first slice would be labeled *Seed Money*. Significant, exemplary gifts are needed to give credibility to the plan and are often gathered in the Silent Phase of a capital campaign. This could also help secure a mortgage later, if necessary, and provide ready cash that will help get the building constructed. This was helpful in assuring, for example, that the Lutheran High School in St. Charles, MO. was built without delays.
- The second slice would be labeled *No Interest Loans*. Individuals would be asked to loan money to the school at no interest. They would be given legal assurances of repayment that could begin in the 11th year of operation and conclude at the 20th year. This model was used successfully at Redeemer LCMS in Westfield, N.J. in the early 70's when there were wage and price freezes and may also work now.
- The third slice would be labeled *Pledges*. The amount raised in pledges would be the amount of the mortgage to be paid off in a set number of years.

Foundation

Once the school is built and operating, a foundation is needed to continually work on other sources of funding besides tuition. These would include money from individuals, estate planning, corporations, grant, awards, etc. This type of funding structure should relieve the school's administration from paying constant attention to raising funds and instead be able to focus on keeping the education program of the highest quality possible. In addition, tuition amounts could then be more closely aligned with operating costs, and the ability to give financial aid more able to be supported.

The foundation must work diligently to establish connections with financial supporters in the places like the following:

Faithful auction attendees

Alumni and parents/grandparents of alumni of VLHS and FVLA

Parents and relatives of current students

Area congregations
Major community donors, both individuals and companies
Grants and other awards

A variety of fundraising events are likely to be helpful such as dinners, auctions, appeals, etc. Yet the focus should not only be on immediate gifts. The development work must also solicit and educate potential donors to use endowments, trusts, and wills to provide for the funding of future school needs.

Ambitious, Yet Responsible

The entire funding structure of the organization should always have a forward and rather ambitious look, while at the same time working with a timeline that is reasonable. Hopefully that combination will allow future expansion needs to be met when necessary.

Lutheran Education Program Development Cooperative

One way to attract and maintain the involvement of especially the LCMS congregations is to establish a Lutheran Education Program Development Cooperative. This would be an advisory group whose charter it would be to keep and promote a strong forward-looking programmatic vision for all levels of Lutheran education in the Fox Valley Area. This would provide the opportunity to develop a cooperative Lutheran education program that coordinates the efforts from cradle through adult education.

The local LCMS churches, along with other Lutheran and Christian congregations that operate pre-schools in the area, prepare students spiritually, physically, and mentally for graduating to kindergarten. Then the LCMS elementary schools prepare them for AOTC, and in turn the Lutheran high school prepares graduates for attending Lutheran universities and seminaries. The students are then ready for full time church work or for living their vocation and witnessing their faith in the secular world. If all levels of Lutheran education are linked together in a common vision built upon student needs and delivered with exceptional quality, the excellent offering will become widely known.

Since the purpose of this cooperative approach will be to develop a natural progression from early childhood through university and seminary, the system will attract and keep students in Lutheran education. With a mission to create an interrelated curriculum and culture that is distinctively Lutheran, the program would be desirable to many Lutheran parents who want to send their children to the LCMS school system because of the advantages over the public schools. These would be parents who realize that today's student is tomorrow's leader who must be well-prepared for a lifetime of doing the Lord's work as a called church worker or as a Christian worker in the secular world. In addition, a highly respected system of education which provides solid Christian faith formation and exceptional educational opportunities will appeal to a wide range of families who are not Lutheran but desire such important training for their children.

The reciprocal benefit to congregations and universities who participate in the cooperative is readily apparent. With a viable Lutheran high school, the Lutheran elementary schools will more readily attract and keep students through eighth grade. This higher enrollment in the elementary schools is the student base that the new Lutheran high school will be able to draw from. The success of the high

school in attracting students will also benefit the LCMS universities and ultimately the seminaries. The entire Lutheran education brand will then be strengthened in the process.

The Lutheran Education Program Development Cooperative should be made up of educators from all levels of Lutheran education: LCMS elementary school principals, pastors, or visionary teachers, LCMS university and seminary representatives, and the new Lutheran high school principal and department heads. Pre-school leaders can also be encouraged to become active in the group. In addition, non-LCMS educators from schools that might be feeders to the new Lutheran high school should also be invited to participate.

With God's blessings on this concept, it will be successful and can be used as a model in other areas of Chicago and throughout the Synod.

Groups of Support

Another way to strengthen the connection to congregations is to organize within the churches a group that could be called a branch, booster, or friends of the new high school. This group would serve as an important conduit between the high school and the congregation. It would be established, organized, and guided by the high school itself and would, in many ways, become a voice of the high school to the congregation. These supporters would then work to inform the congregation members about what the high school is doing and promote its program and activities. They could also be very helpful in arranging to bring the high school choirs or other performing groups to the churches. They would be the ones who would also know the best way within their own congregation to promote programs available to church members that the high school might be offering. Of course, they could also raise money for the school by fundraising alone or with other branch groups from neighboring congregations.

Lutheran secondary education in the Fox River Valley has refused to disappear despite all the obstacles that have been thrown up against it. God is at work here and will continue to have His will done. May all leaders and participants in developing this new school continually seek God's guidance for the work to be done.

Reference

Galvin, J.C. (2003). The great board debate: How should ministry boards govern? Christian Management Report, December, pp. 1-5.