



Board Briefs

On Being Fraternal

Each year, Churchwide Grant Program funds are given to the Synod by Thrivent Financial for Lutherans, the Lutheran fraternal organization. As has been LCMS practice over the past several years, the grant is allocated by Synod department executives and then incorporated into the Mission and Ministry budget of the Synod for the coming fiscal year.

This year's anticipated grant will total \$1,115,000, which has been allocated to 28 separate projects by the Synod's executives, 22 of them classified as "Type A" projects (less than \$40,000) and six of them as "Type B" large-scale or cross-unit projects. All are especially welcome given the need for careful spending, as a result of sharp reductions in income anticipated for the coming budget year.

The Type A projects added up to the following totals by department of the Synod:

- \$92,500 for Communications (to fund congregation publicity kits, special April and October issues of *The Lutheran Witness*, and costs associated with restructuring).
- \$90,000 for World Relief/Human Care (to help provide sanitation and clean water in Haiti, Hispanic ministry resources, congregation outreach training centers, outreach to people of differing or limited abilities).
- \$55,100 for the President's Office/Commission on Theology and Church Relations (to provide special event support and help fund an International Model Theological Conference on Confessional Lutheran Leadership in the 21st Century).
- \$40,000 for Black Ministry Services (to help fund *Timeline* newsletter; equip, encourage, and enrich Lutheran school teachers; and fund a ministerial health and wellness project).
- \$30,000 for School Ministry/National Mission (to fund district early childhood focus groups).
- \$40,000 to Human Resources/Board of Directors (to fund Phase II of the Matura leadership development program).
- \$30,000 to the Office of

Pastoral Education (to fund the Perceptions of Ministry Inventory for recent seminary graduates, a Pastoral Education *Reporter* insert, and the Post-Seminary Applied Learning and Support [PALS] program).

- \$30,000 to the Worship Department (to help finance a hymn writers' workshop).
- \$25,000 to Lutheran Housing Support (to help fund community-development capacity building).
- \$39,900 to LCMS World Mission (for expansion of Beautiful Feet Conference and to help promote children's outreach education).

The Type B larger scale and/or cross-unit, merit-based project allocations approved by the Board of Directors were the following:

- \$150,000 to the Office of the President for the "Koinonia Project."
- \$127,500 to Pastoral Education, Concordia University System, and District and Congregational Services for recruiting, nurturing, and retaining professional workers.
- \$125,000 to the CTCR and President's Office to help fund an International Model Theological Conference on Confessional Lutheran Leadership in the 21st Century.
- \$115,000 to LCMS Communications for an LCMS video initiative.
- \$100,000 to Lutheran School Ministry and LCMS National Mission for Sustainable Lutheran Schools and Leadership Development.
- \$50,000 to LCMS World Mission for national ministry strategic planning.

The final resolve paragraph of the board's action to approve the above allocations requested that the President of the Synod and the chairman of the Board of Directors, upon notification of the receipt of the 2011/2012 grant, convey on behalf of the members of the Synod "thanks to Thrivent Financial for Lutherans for its support of the Synod's ministry activity." ■



Facing Financial Reality

At its February 2011 meeting, the Board of Directors' attention was called to some pretty dire financial information, especially looking forward to the next 2011/2012 fiscal year beginning July 1.

Charles Rhodes, executive director of accounting, called attention to calendar-year-end financial information (Dec. 31, 2010), noting that while expenses are \$5.1 million below budget, revenue was even more below budget (\$6.3 million), leaving the Synod \$1.115 million behind budget after the first six months of the fiscal year—figures worsened by the fact that the revenue total currently includes \$578,000 of surplus funds from the national youth gathering.

Looking ahead, prospects for the 2011/2012 fiscal year look even more dire. According to Rhodes, "the best numbers available" show an anticipated decrease in undesignated support to the Synod (district pledges and other sources of income) from \$23,025,000 in 2010/2011 to \$19,529,000 in 2011/2012.

Income from the Synod's 35 districts constitutes the major portion of the undesignated income of the Synod. District pledges demonstrate that many districts are being adversely affected by economic hard times, which in turn affects the financial support they are able to remit to the Synod. Of the 33 districts that have returned their pledges of support, nine have pledged increased support totaling \$72,000, five districts' pledges remain unchanged from the previous year, and 21 districts returned pledges showing decreases totaling \$1,711,000—resulting in a drastic decrease in revenue that the Board of Directors will need to compensate for in the 2011/2012 budget.

Executive Director Rhodes also called the board's attention to the additional concern that the current year's budget has almost no flexibility. The nearly \$86 million budget includes only a budgeted \$250,000 surplus, which provides less than one-half of 1 percent flexibility—a concern also to be taken into consideration as the board develops and ultimately adopts the coming year's budget during its May 2011 meeting.

Budget concerns are a major consideration for the transition team in charge of restructuring the ministry activities in the Synod's International Center. The elimination of program boards and some commissions in itself does not begin to provide the relief necessary to balance the 2011/2012 budget. Nor will their elimination and a new structure make the mechanics of budget preparation easy. For this reason, the board supported preparing a budget that matches the former structure, with adjustments to the new structure to be made when possible throughout the coming year. ■

Worthy of Their Hire

Cognizant of Jesus' words in Luke 10:7 regarding a laborer being deserving of his wages, the Board of Directors turned its attention to the compensation of workers in the International Center for the coming year. In the end, the board maintained the "Salary Increase Budget" for the coming fiscal year at 0 percent but did add a 1.5 percent (of the salary budget) bonus budget.

Hard-pressed to add any budget increases during the Synod's current financial struggles as a result of dramatically decreased unrestricted funding, the board was satisfied by a report from its Personnel Committee that the Synod still continues to provide comparative and competitive salaries to its workers, based upon research and in light of the board's established compensation philosophy.

In the resolution adopted by the board, the objective of the LCMS International Center salary administration system was again reiterated: to attract competent employees; retain qualified, highly skilled employees; and provide competitive incentives for performance and personal development. The system currently in place is one that provides equitable and uniform treatment for comparable positions. Under this system, there is a direct relationship between the requirements, essential functions and responsibilities of the position, and the salary range. The salary grade is currently assigned by a point-factoring method of classifying positions to salary ranges.

In an effort to remain competitive with salary ranges and salaries paid, an annual review of local and national salary trends is performed. The intent of this comparison is to measure the ability of International Center employers to compete with the Synod structure and the local non-profit job market for employees and to compensate staff fairly. Among the resources used in this study are:

- Compensation resources and the Christian Leadership Alliance's publication, *Compensation Survey Report for Christian Organizations—2010*.
- *Compensation Data 2010—Missouri*.
- Concordia Plan Services' "2010 Congregation Salary Analysis."
- Salary analysis of the 200 highest-paid parish pastors and 200 paid institutional executives enrolled in Concordia Plan Services.
- Salary data provided by Concordia Publishing House and Lutheran Hour Ministries.
- The 2010 "LCMS District Salary Survey."
- Various compensation surveys gathered and analyzed in conjunction with The American Association of Industrial Management (AAIM) and used along with the above-mentioned resources to identify the local and national trends relevant as support data for the salary increase recommendation for IC employees for the next fiscal year.

Key trends and data points observed in the salary analysis were the following:

- The average increase budget projected by St. Louis region and other Missouri employers is 2.6 percent (due to continued uncertainty with economic conditions, many employers continue to adjust their projected 2011 salary increase budgets).
- Project budgets for 2011, including salary increases, promotional increases and variable incentive, are all higher than 2010.
- Concordia Publishing House has reported an anticipated 3.0 percent average salary increase budget for 2011, while Lutheran Hour Ministries has projected an average salary increase of 2.0 percent for its coming fiscal year (as of November 2010).
- Through September 2010, the average increase projected by LCMS districts is 1.9 percent (excluding zeros), with six of the 34 districts reporting salary budget information not planning to award increases.

Also given consideration in the board's decision-making was the compensation philosophy adopted by the Board of Directors in 2006:

At the International Center of the LCMS, our compensation philosophy is simple: In striving to be good stewards of the dollars entrusted to us, we shall pay fair salaries in a fashion that rewards performance in order to be able to attract, motivate, and retain employees.

The term "fair" shall be interpreted as fair pay based upon an employee's role within corporate Synod, striving to pay at or within 10 percent of the market value for the job held (using not-for-profit standards to define the market value) and the incumbent's performance in the position.

The top paid 150 parish pastors and the top paid 150 institutional executives shall be used as a guideline for the placement of the Class 6 executive directors of boards and commissions, with some being higher and some being lower.

As a result, and upon recommendation of its Personnel Committee, the board adopted the three resolves that will govern employee compensation for the coming fiscal year:

Resolved, That effective March 1, 2011, the salary ranges be adjusted by approximately minus-five percent (a 5 percent negative adjustment is required to correct a data error—proposed annual ranges are calculated correctly to reflect compliance with the board's compensation philosophy) to reflect compliance with the 2006 philosophy of using the average of the



Resting in Peace

During its Feb. 17–18 meeting, the Board of Directors heard a presentation by David Fiedler, executive director of LCMS General Services, regarding a relatively little-known property of the Synod, the historic Walther Mausoleum located at Concordia Cemetery in South St. Louis. The mausoleum serves as the final resting place of Dr. C.F.W. Walther and his wife, Emilie.

The board was provided a brief history of Walther's life from 1839 when he left Germany and traveled with some 700 Saxon immigrants to the United States until his death, May 7, 1887. Before reaching the age of 30, Walther rose to prominence among the early settlers in Perry County and played a key role in the founding of the Synod in 1847. He served as the church body's first president from 1847 to 1850 and again from 1864 to 1878.

Walther served as president of the Synod during years of major growth primarily due to the great migration of German immigrants in his day. Known as the "Father of the Missouri Synod," he also served as president of Concordia Seminary from 1850 to 1887, and as editor of *Der Lutheraner*, a leading confessional Lutheran magazine in his day.

Five years after Walther's death, the mausoleum was built through a cooperative effort of the four congregations that he served in St. Louis: Holy Cross, Trinity, Immanuel and Zion. The 33-foot-high structure features stained glass windows depicting an angel and symbols of the four Evangelists. It houses a life-sized statue of Walther, visible from all angles. The mausoleum was deeded to the LCMS in 1987.

From time to time the mausoleum has required restorative maintenance, due mainly to the aging of the structure. As recently as 2010, it

required tuckpointing and masonry work, a resetting of the protective coverings over the stained glass windows, the replacement of a spire damaged by vandals, and a cleaning and resealing of the entire structure.

In order to support the cost of such maintenance on the structure in the future, an endowment has been created by a partnership between the LCMS, Concordia Historical Institute and members of the Walther family. Recently established to mark the upcoming bicentennial in 2011 of Walther's birth, the endowment was brought to the board's attention during Fiedler's presentation.

In a recent article, Vicki Biggs, director of Public Affairs and Media Relations of the Synod, includes comments regarding the endowment fund by Larry Lumpe, executive director of Concordia Historical Institute: "This endowment is key to preserving Walther's final resting place. I pray future generations may continue to give due honor and glory to God for the gifts and contributions of this central figure in the history of the Missouri Synod."

Also included were comments by Edna Marie Walther Wolf, Walther's great-granddaughter, whose family has contributed to the mausoleum endowment fund: "The mausoleum is an important part of the church's and our family's history. The creation of the endowment fund seems like a major commitment by the LCMS to me. Now I feel like this important piece of history of the beginning of our church will be safe for a long, long time."

For more information about the Walther mausoleum and the endowment fund for maintaining it, visit <http://lfnd.org/walther>. ■

150 top paid parish pastors and the 150 top paid institutional executives as the basis for the Class 6 mid-point, the remainder of the salary scale to be adjusted accordingly as detailed in a separate report; and be it further

Resolved, That the "Salary Increase Budget" for 2011/2012 (FY12) be set at 0 percent; and be it finally

Resolved, That the bonus budget for FY12 be set at 1.5 percent of the FY12 salary budget. ■

Education System Task Force Appointed

Resolution 4-04A of the 2010 Synod convention noted that the cost of higher education at LCMS seminaries, colleges, and universities “continues to increase to the extent that undesignated resources directed to the national Synod from congregations and districts have become insufficient to cover these costs and are providing an increasingly smaller portion of the total cost of higher education in our Synod.”

The resolution also called attention to a report from the 2009 Pastoral Ministry Summit sponsored by the Office of the President and the Board for Pastoral Education, “Vision for the Future of Theological Education in the LCMS for 2015 and Beyond,” stating that the cost of higher education “remains a significant challenge, even though the generosity of donors has enabled our institutions of higher education to continue to provide quality education as they prepare professional church workers and lay leaders for our Synod.”

Noting that the responsibility for fiscal oversight of the LCMS institutions of higher education belongs to the Board of Directors, Res. 4-04A of the 2010 LCMS convention contained a resolve paragraph charging the Board of Directors with the responsibility for appointing a 13-member task force to research the fiscal strength of the Synod’s current higher education system and make recommendations for improvements or enhancements.

At its November 2010 meeting, as the board planned its response to the resolution, it asked the seminary presidents, the Concordia University System interim executive director, and the director of seminary education to meet and recommend to the Board of Directors 15 to 20 persons for service on this task force. The board also authorized its chairman to appoint a four-person nominations committee (or the board’s Personnel Committee) to review the list of persons recommended and bring a recommendation to the Board of Directors.

The chairman appointed the



Personnel Committee to serve as this nominations committee, and asked that the committee present a slate for board action at its February meeting. Accordingly, the committee offered a list of 27 names for the board’s consideration, advocating that the board proceed with the balloting.

After opportunity was provided for comment on each of the names on the ballot, the board voted, keeping in mind the requirements of Res. 4-04A for the composition of the board: “two members from the LCMS Board of Directors, as well as persons from the CUS institutions and seminaries, other institutions of higher education, and the LCMS at large.”

After the completion of the balloting, the following persons were appointed to the Res. 4-04A Task Force:

- John Behrendt (Layperson)
- Ralph Blomenberg (Seminary Board of Regents)
- Brian Friedrich (University President)
- Keith Frndak (Board of Directors)
- Robert Kuhn (Board of Directors)
- David Maier (District President)
- Dale Meyer (Seminary President)
- Lawrence Rast (Seminary Administrator)
- Mary Scott (University Administrator)
- Dien Taylor (Parish Pastor)
- Gerhard Munding (Layperson)
- Dean Wenthe (Seminary President)
- Dennis Witte (University Administrator)

The two individuals receiving the

next highest numbers of votes on the final ballot, designated to serve as alternates as needed (and in the order listed), were:

- Daniel Gilbert (District President)
- Mike Louis (Seminary Administrator)

This committee is now charged with the responsibilities mandated by Res. 4-04A: “to research the efficiency of cooperative interaction for the fiscal strength of the LCMS system of colleges, universities, and seminaries; to make recommendations that could be immediately implemented by the respective institutions and continue to enhance those current programs already in place with the seminaries and CUS schools; and to bring recommendations which require convention action to the 2013 LCMS convention for further implementation.” ■

They Build Houses

The LCMS has been involved in housing ministries since 1986, when it participated in and provided funding for Nehemiah Plans in Brooklyn, N.Y., and Memphis, Tenn.—local, faith-based housing initiatives that helped to stabilize communities and strengthen congregations by providing decent, affordable housing for low-to-moderate-income working families.

In 2003, the Synod’s Board for Human Care Ministries determined that it would be advantageous to form a new corporation, “LCMS National Housing Support Corporation,” in order to be able to secure funding from government as well as private and corporate sources to assist LCMS congregations, districts, and social ministry organizations when developing housing ministries.

The Board for Human Care Ministries determined that the formation of such a corporation would be essential for ongoing housing ministry efforts:

1. Such a corporation would be necessary to be eligible to apply for many sources of federal, state,

and local funding.

2. Because funds would be received from outside sources, the corporation would serve as a buffer against any additional risk of liability arising from the handling of the funds received.
3. While the corporation would carry out the housing ministry of the LCMS, it would be formed exclusively for charitable and educational purposes in order to be able to access sources of funding that are unable to provide funding for religious purposes.

The 2003 Board of Directors agreed that it would be in the best interest of the LCMS to form the LCMS National Housing Support Corporation as a Missouri not-for-profit corporation. It authorized the Board for Human Care Ministries to select the corporation’s initial board of directors and file the necessary documents, naming The Lutheran Church—Missouri Synod as the corporation’s sole member.

The 2003 Board of Directors also delegated certain powers to the Board for Human Care Ministries, i.e., to nominate, elect, and remove the corporation’s directors, to call special meetings of its board of directors, to be consulted regarding the election of its president, and to approve the appointment of committees of its board of directors. The Board of Directors also designated the Board for Human Care Ministries to receive all reports provided by the corporation.

During its Feb. 17–18, 2011, meeting, the Board of Directors was provided a report by representatives of the LCMS National Housing Corporation, who reminded the board that their corporation’s mission remains the same: “The LCMS National Housing Support Corporation (Lutheran Housing Support) is dedicated to providing support that promotes improvement of economic conditions, housing, and other services to revitalize and prevent deteriorated communities.” The same remains true of its Vision Statement: “Neighborhoods close to our altars are restored and revitalized by our members’ faith active in love.”

Their presentation also included a history of projects successfully undertaken by their corporation, including the Spring Creek Nehemiah Project in New York City, the Ezra Housing Project in Chicago, the College Hill Neighborhood in St. Louis, and the Lutheran Community Outreach Center in Fort Wayne.

However, as a result of the restructuring decisions of the 2010 LCMS convention, including the dissolution of the Board for Human Care Ministries, the board was made aware that certain provisions in the 2003 resolution that delegated responsibilities will require attention. In addition, the untimely death in October 2010 of LCMS National Lutheran Housing Support President Marie Kienker and the expiration of terms of certain members of the corporation’s board have left vacancies that will need to be filled—matters to be addressed in coming meetings of the Board of Directors. ■





Five Regions It Is

The announced purpose behind 2010 Res. 8-14A was “To Elect Five Vice-Presidents by Geographic Region,” but its primary interest was “to establish stronger connecting links between the congregations, districts, and the Synod” by establishing such regions.

Regional vice-presidents “would serve as geographic representatives of the church to improve the communications and coordination of functions between the congregations within the geographical regions and the national Synod.”

To accomplish this, the resolution went on to resolve (a) that the Synod create five geographic regions; (b) that all Canadian congregations be included as a whole in one of the regions; (c) that the Board of Directors and the Council of Presidents designate the boundaries of the five regions at least 24 months in advance of Synod conventions, “appropriately considering geographical and number of congregations information”; and (d) that all pertinent bylaws be amended accordingly.

The bylaw changes adopted with the resolution stipulated that the regions were also to serve “for all elections requiring regional representation.”

At a joint meeting in November 2010, the Council of Presidents and the Board of Directors agreed each to appoint three of its members to a committee convened by the Secretary of the Synod to provide a recommended plan to the two groups for concurrence and adoption. The remaining members of the committee were Victor Belton, Florida-Georgia District (BOD); Richard Boche, Wyoming District (COP); Gloria Edwards, California/Nevada/Hawaii District (BOD); Joel Hoelter, North Wisconsin District (COP); Kenneth Lampe, Mid-South District (COP); and Warren Puck, Iowa West District (BOD).

Aided by statistical and materials assistance provided by the Synod’s Department of Rosters and Statistics, the committee agreed upon a regionalization plan that was subsequently adopted by the Council of Presidents and, at its February meeting, the Board of Directors. The plan incorporates non-geographic district congregations into the geographic district in which they are located and includes

the 16 LCMS Canadian congregations in a single region, as required.

The districts to be included in each of the proposed regions, the number of congregations in each region, and the number of non-geographic congregations within the boundaries of each geographic district (added in parentheses) are as follows:

■ Great Lakes Region:

The 1,208 congregations of the Iowa East, Northern Illinois (+25), North Wisconsin (+1), South Wisconsin (+13), and Michigan (+19) districts.

■ Great Plains Region:

The 1,197 congregations of the North Dakota, South Dakota, Minnesota North (+1), Minnesota South (+1), Montana, Wyoming, Nebraska (+1), and Iowa West districts.

■ West-Southwest Region:

The 1,283 congregations of the Northwest, California/Nevada/Hawaii (+4), Pacific Southwest (+25), Texas, and Rocky Mountain (+1) districts.

■ East-Southeast Region:

The 1,206 congregations of the Ohio (+26), Florida/Georgia (+11), Southeastern (+3), New Jersey (+9), Eastern (+26), Atlantic (+4), New England (+3), Southern districts, plus the 16 Canadian congregations.

■ Central Region:

The 1,179 congregations of the Kansas, Central Illinois (+1), Southern Illinois (+1), Missouri (+6), Mid-South, Indiana (+9), and Oklahoma districts. ■

Other Matters that Matter

During its Feb. 17–18, 2011, meeting, the Board of Directors received additional reports and took additional actions that warrant mention:

- Vice-President Herbert Mueller provided an initial report of “A Way Forward with the Harmony Task Force Report and the ‘Koinonia Project,’” mandated by a joint resolution of the Board of Directors and Council of Presidents to find ways to mesh the “Report of the Task Force on Synod Harmony” with the “Koinonia Project.”

- The board, after a comprehensive review and with the concurrence of the President of the Synod, reappointed Ron Schultz to another three-year term as Chief Administrative Officer of The Lutheran Church—Missouri Synod.
- The board’s Audit Committee reported unqualified opinions and no significant deficiencies or material weaknesses in internal controls after audits of the Synod’s seminaries. It also reported that all 10 Concordia University System schools received unqualified audit opinions with no material weaknesses noted, though some of the schools are experiencing financial struggles.
- The board reappointed Thompson Coburn, LLP as the Synod’s general legal counsel through June 30, 2014.
- The board received an initial report from the Asset Evaluation Committee appointed during its November 2010 meeting in response to 2010 Res. 4-02 “To Address Corporate Synod’s Financial Crisis,” which called for an evaluation of all assets of the Synod by the Board of Directors, “taking action to ensure that they are being used effectively to carry out the Synod’s mission and ministry or make recommendations to the next convention for their appropriate use.”
- The board received a report from LCMS Foundation President Tom Ries that provided, for general information purposes, an overall picture of the responsibilities of the Foundation.
- The board adopted a revised “Declaration of Certain LCMS Board of Directors’ Responsibilities for College and University Finance and Property to the Concordia University System” document, since the agreement that had existed since 1996 required revision as a result of changes to the Synod’s structure and Bylaws by the 2010 convention.
- The board received a report from Concordia Plan Services President James Sanft regarding amendments made to the Concordia Retirement Plan by the Board of Trustees—Concordia Plans at its November 2010 meeting. The changes will provide for a new alternate benefit design for the Concordia Retirement Plan that will better serve laypersons serving in positions in which there is high turnover, such as day care and preschool workers.
- The board determined to move its May meeting forward one day to accommodate schedules in order to make possible its next meeting on the campus of Concordia Theological Seminary in Fort Wayne, concurrent with the seminary’s graduation exercises.

Restructuring Continues

President Matthew Harrison has likened the current restructuring efforts to “disassembling and re-assembling a Boeing 747 in flight.” As life and work in the Synod’s International Center continues without interruption, his administration continues its efforts to provide a new structure in time for the Synod’s annual budgeting process.

At the recent Board of Directors meeting, President Harrison provided a report of the restructuring efforts under way, expressing his thanks for how the process has been blessed all along the way. “Phase 1” of the process consisted mainly of an opportunity for him and his staff to become informed of the work that is carried out in the International Center. It also provided occasion to begin staff reductions known to be necessary as a new budget year approaches.

“Phase 2” signaled the appointment of a “Restructuring Work Group” made up of a representative group of International Center leaders and employees who were asked to provide an assessment of the current situation; recommendations for program areas, communications, and fund development; and recommendations for a new structure. The work group included representatives from the LCMS World Mission, World Relief and Human Care, Information Technologies, Communications, fund development, and worship departments. They were assisted by Herbert Mueller, Barbara Below, and Jon Vieker of the President’s Office and James Lowitzer of Collierville, Tenn., as an outside consultant.

Later in the Board of Directors meeting, members of the President’s staff most involved in the restructuring efforts continued the discussion begun by the President during his report, sharing draft diagrams and charts depicting tentative plans for restructured operations in the International Center, highlighting the President’s emphasis on “witness, mercy, and life together,” and taking into careful consideration the newly adopted bylaws governing the activities of the new mission boards and offices.

Regarding the initial efforts of the two new mission boards, likened by the President to “25 people mounting a bicycle with staff providing support,” he reported “good progress toward becoming organized and active,” with work under way on policy manuals to govern mission board and office activities.

Still later in the meeting, President Harrison reported on the status of the Chief Mission Officer appointment, key to International Center operations under the new structure. He described the process used to identify candidates and expressed optimism that recent developments have moved the process forward. He presented two names to the Board of Directors for its concurrence, granted by the board with the adoption of a resolution to concur with the names submitted by the President of the Synod. ■

