

The Lutheran High School Association of Greater Milwaukee
Governance Change FAQ's – February 2, 2010

- Q1: Changes are being proposed to the Articles of Incorporation and By-Laws. Why?
- A1: Our governance structure has not been changed since the mid 70's. The structure and quotas served us well years ago, but now are in need of modification.
- Q2: What are the key Articles of Incorporation changes and what is the rationale?
- A2a: Preamble ... lifts up our faith that the Association believes to be "inviolable and unchangeable". It also states that our teaching and governance must be "in accordance" with this statement.
- R2a: While it is recognized that non-LCMS involvement is important to our future, this statement affirms our commitment to the LCMS doctrine in all we do.
- A2b: Article Fourth ... allows the number of Board of Directors members to be flexible.
- R2b: This allows for greater congregational participation in our governance structure. Previously the number was fixed and only 15 Directors were elected. The new structure would allow more members and thus more congregations.
- A2c: Article Fourth ... clarifies that the Board of Directors suggests the "partnership formula" (formerly quota) and the Delegates approve their suggestion.
- R2c: Ensures that the Delegates have the final authority over what the "partnership formula" is and that it is not controlled by the Board.
- A2d: Article Sixth ... The Delegates are appointed based on the Partnership Formula.
- R2d: In the proposed structure, Delegates and Board seats are based on the "Partnership Formula". The congregation will determine who represents them in the Association. This gives more control, and hopefully more oversight, to the congregation.
- A2e: Article Seventh ... Allows for up to 25% non-LCMS participation in the Association.
- R2e: There is no intent whatsoever to change our theological positions. Our association, as a Registered Service Organization (RSO) in the LCMS will remain theologically LCMS. The purpose of the change is in acknowledgement that 41% of our students come from non-LCMS congregations and to give some of the larger congregations more influence in our day to day operations if they are participating financially. The Board of Directors must also be at least 75% LCMS.
- Q3: What are the key By-Law changes and what is the rationale?
- A3a: Article III ... At least three active LCMS pastors must be on the Board of Directors
- R3a: Currently our by-laws require three pastors and three teachers. The change allows each congregation to determine who is best to be on the Board, but requires at least three LCMS pastors (and there could be more).
- A3b: Article III ... If a Board member resigns, the Board and the Congregation must agree on a replacement.
- R3b: Because Board members need to be engaged in long term thinking, it would be detrimental to have Board members changing between terms. This language is designed to help ensure that a congregation doesn't change their Board members frequently.

- A3c: Article III Section 6 ... a new section added to ensure the Board of Directors upholds the Articles of Incorporation and By-Laws
- R3c: Because of the inclusion of non-LCMS Members, the Committee wanted to ensure that Board members will uphold our theological teaching and practice.
- A3d: Article IV ... The Board of Director limitations were clarified into one section.
- R3d: While these are not new, they are in several areas of the documents. Including them into one section adds clarity.
- A3e: Article V ... Adds that the President and Vice-President must come from LCMS Regular Member congregations.
- R3e: This ensures that leadership of the Association will always be from the LCMS.
- A3f: Article VII ... Changes Delegate meetings from three times per year to two.
- R3f: Delegate meetings will be more focused and involved - and less informational. The September meeting will be designed to focus on financial results, Nominating Committee elections, school operations and enrollment whereas the May meeting will be on budgets and Director / Delegate elections and / or appointments.
- A3g: Article VII ... The Nominating Committee will be made up of a majority of non-Board members and will collaborate with congregations to get the best candidates.
- R3g: This is to ensure the Board members don't have too much influence over the election process and to make sure the congregations are electing good candidates for Board seats.
- A3h: Article VII Section 2 ... Adds language describing the nominating process to the Board of Directors. Congregations will nominate several candidates for their open seat(s) and the Nominating Committee will select one of the candidates nominated for each open seat.
- R3h: This is to ensure a good make up of disciplines needed to run the day to day operations of the Association.
- A3i: Article X ... The Administrator must be an active LCMS member.
- R3i: This is to ensure our theology and practice remains LCMS.
- A3j: Article XII ... If the Delegates determine it is in the best interest to sell off all the assets of the Association, any proceeds would go to one or more LCMS ministries.
- R3j: Right now, all congregations would share equally in the proceeds, even if they had no involvement at all in the Association. The change is designed to let the Delegates determine the best LCMS ministry to give the proceeds to.
- Q4a: What is the basic thought for how the "partnership formula" will work?
- A4a: To be a part of the Association and be awarded a delegate, a basic fee of \$1 per communicant member will be charged each LCMS congregation. If a congregation would like to have reduced tuition for its students, they would have to pay into the Association an amount greater than the desired tuition reduction. Congregations sending more than five students to the Association schools have the ability to receive Board of Director seats and additional Delegates with greater financial participation.

- R4a: The system is designed to allow congregations to determine if they want to operate as owners or consumers of the Association. The prior system required a sizeable financial commitment without any consideration of the number of students a congregation sent or the financial condition of the congregation. The congregation can now choose their level of participation and level of representation.
- Q4b: Can the “partnership formula” be modified?
A4b: Yes. The partnership formula is flexible, similar to the current “quota” system and can be modified annually with the approval of the Delegates.
- R4b: Because of inflation, changes in tuition structure, operating results of the schools, etc., the formula is designed with flexibility.
- Q4c: Doesn’t this new structure give the Board of Directors authority to change the “partnership formula” and potentially damage the Association long term?
A4c: No. The “partnership formula” must be approved by the Delegates. No changes can be made without the Delegates approval. Further, the Delegates can change the Articles of Incorporation and / or By-Laws if they don’t feel they are meeting their objectives.
- R4c: Management and the Board have the responsibility of doing the detailed work and suggesting the “partnership formula”, but the Delegates retain the authority of what that ultimately looks like.
- Q4d: If all congregations choose Track One and decide to directly support students, won’t this create a large financial problem for the Association?
A4d: If every one of the 43 congregations did this, the potential impact is a loss of over \$200,000 to the Association.
- R4d: In reality, most congregations would have to increase their financial support if they selected this option. Most of the financial risk comes from just a few large congregations. The good – and risk – with this proposed system is that the congregation decides how they will participate financial. They can choose to be an owner or a consumer.
- Q5: Are future Articles of Incorporation and / or By-Law changes being considered?
A5: Nothing is being specifically planned at this time. However, it is likely that after a year of working with the new system that the Delegates may want to make some other changes.
- R5: Our organizational documents should always be reviewed and modified to fit the most current laws and allow us to operate in the most effective way.
- Q6: Some historic congregations who were original supporters of the high schools may not have the ability to participate in the new structure. Isn’t this unfair?
A6: All congregations are treated on an equal basis. Consideration is made in the Partnership Formula so that congregations are not penalized by having low-income Choice students.
- R6: It certainly is a reality that some city congregations are struggling because of the changing demographics of their neighborhoods. However, congregations are made up of people, and the declining attendance / enrollment trends are due to members choosing to go elsewhere.