



Report of the Executive for Administration

Organizational Life

In the course of preparing this report, three books arrived that contain remarkably similar descriptions of organizational life in the twenty-first century. The books are *Chasing Down a Rumor: The Death of Mainline Denominations* (Augsburg Fortress, 2005); *The World is Flat: A Brief History of the Twenty-First Century* (Farrar, Straus and Giroux, 2005); and *Church, Identity, and Change: Theology and Denominational Structures in Unsettled Times* (Eerdmans, 2005).

Although the three books have different purposes and indeed one is focused on private corporations, there is a shared picture of thriving organizational life (as opposed to declining or barely surviving) that has the following characteristics.

- The organization has clarity about mission and identity. Constitutions, budgets, and strategic plans bring important minimal order to an organization. But the organization's parts hold together because of a shared understanding of mission and identity.
- The organization has the abilities to see ahead, not in a predictive sense, but through common vision, define reality through an ever-present analysis of its context for mission, and determine strategic ways to close the gap between vision and reality;
- The skills, commitments, and energy of people who work in the organization are aligned with the organization's mission and vision;
- The organization can readily describe who its partners are and has respect for, knowledge of, and experience with these partners;
- The thriving organization is constantly finding ways to learn about internal and external matters of importance.

The following overview of the work of the ELCA churchwide organization during the past biennium from the perspective of administration reveals a journey of your churchwide partners striving faithfully and diligently for these above-named characteristics.

On behalf of the presiding bishop, the executive for administration's job responsibilities include these three chief duties pertinent to this journey. They are: 1) "Provides timely and appropriate guidance in the development of plans, policies, and programs for this church"; 2) "Develops a timely and accurate consolidated budget for the churchwide organization that clearly defines program priorities established by the Church Council and unit boards"; and 3) "Provides effective leadership for and proper coordination of the churchwide organization's operations."

Strategic Planning

A comprehensive strategic planning process was initiated in December 2001 under the auspices of the presiding bishop. In April 2003 the ELCA Church Council adopted a Plan for

Mission including statements of mission and vision for the Evangelical Lutheran Church in America, five strategic directions, and four commitments for implementation for the churchwide organization for the period 2004-2012.

The 2003 Churchwide Assembly acknowledged with gratitude and enthusiasm the April 2003 actions of the Church Council comprising the Plan for Mission. Further, the assembly directed the Office of the Presiding Bishop to oversee and coordinate the implementation of the strategic plan, including alignment of the budget, structure, and staffing of the churchwide organization with the Plan for Mission, and to prepare possible constitutional and bylaw amendments for consideration by the 2005 Churchwide Assembly.

In the period following the 2003 Churchwide Assembly, the churchwide organization's planning process encompassed a number of major activities aimed toward the implementation of the Plan for Mission.

- A Proposal for the Future Design of the Churchwide Organization was released and then withdrawn by Bishop Hanson in early Fall 2003.
- Roundtables focused on each of the five strategic directions plus the topic of mission funding were held in October 2003. Approximately 200 ELCA members from diverse ministry settings participated in the roundtables. They discussed the vision and possible churchwide outcomes pertaining to each of the strategic directions and mission funding.
- In November 2003 the Church Council approved processes intended to bring a proposal on restructuring of the churchwide organization and an examination of current churchwide governance patterns to the November 2004 meeting of the Church Council. The process related to restructuring had oversight by the Church Council's Planning and Evaluation Committee and the churchwide Planning Team. The process related to governance patterns had oversight by the Church Council's Executive Committee.
- The process on development of a restructuring proposal had three phases. The first phase involved extensive discussion and research with constituency groups. This phase concluded in April 2004.
- The second phase engaged a representative panel comprised of persons named by the Church Council's Planning and Evaluation Committee and each of the churchwide divisions and commissions. The panel developed a report on design elements for the structure of the churchwide organization.
- The second phase continued with a meeting with seven independent organizational design consultants. Their advice concentrated on both the structural options and cultural issues identified in the process to date.
- The final phase consisted of drafting the proposal on structure and releasing it for discussion in late August 2003. The draft proposal was revised in October 2004 and transmitted to the Church Council.

- The study of churchwide governance patterns followed the same timeline. The Church Council's Executive Committee transmitted its proposal to the council in October 2004.

At its November 2004 meeting, the Church Council approved proposals on the restructuring of the churchwide organization and churchwide governance patterns, and the attendant proposed constitutional and bylaw amendments for transmittal to the 2005 Churchwide Assembly. In April 2005 the Church Council approved the continuing resolutions related to the restructuring and governance proposals, pending favorable action by the 2005 Churchwide Assembly on the proposals.

In the time since these actions of the Church Council, churchwide staff have concentrated their strategic planning on preparing the organization for implementation of the new structural design and governance patterns, again pending favorable action by the 2005 Churchwide Assembly on the proposals.

Two revisions to the structural proposal will be presented to the Church Council at its August 2005 meeting immediately prior to the Churchwide Assembly. These revisions have emerged as staff has examined programmatic relationships inherent to the new proposed structural design. Both changes have the support of all staff affected by the changes. First, it is proposed that the area of disabilities ministries be located in the proposed program unit for Vocation and Education. Second, it is proposed that work focused on mission support be located in the section for synodical relations within the Office of the Presiding Bishop.

The churchwide Planning Team has developed outcomes for work beginning in the new biennium pertaining to each of the five strategic directions. These outcomes rely on a high level of various forms of cooperation, collaboration, and coordination among churchwide units as well as among the churchwide organization and its partners, including congregations, synods, and the agencies and institutions of this church.

The outcome statements identify leadership development as the priority focus of churchwide work because leadership is so central to achieving all of the strategic directions. Also, the churchwide organization can effectively engage and support rostered and other leaders who serve in and through this church's congregations, synods, institutions, agencies, associations, and churchwide organization.

The churchwide organization intends to work very closely with its partners to counsel, inspire, and challenge current and future leaders and to develop more fully the capacity for ministry of this church's leadership. To accomplish this work, the churchwide organization will convene gatherings to assemble the wisdom about leadership development dispersed throughout this church, leading to the development and implementation of plans designed to achieve the strategic directions and their accompanying outcomes.

Each of the outcome statements will be accompanied by specific implementation strategies for the 2006-2007 biennium. These strategies, along with measurement criteria designed to assess the effectiveness of the work of the churchwide organization during the biennium, are presently under development by the inter-unit staff teams of the churchwide organization.

Outcomes

Support congregations in their call to be faithful, welcoming, and generous, sharing the mind of Christ.

Current and future leaders throughout this church will:

- Articulate the connection between Word and Sacrament, vocation, and God's mission in the world.
- Stimulate a vibrant worship life that draws on Lutheran and ecumenical, including ethnic and global, resources.

Assist members, congregations, synods, and institutions and agencies of this church to grow in evangelical outreach.

Current and future leaders throughout this church will:

- Grow in their capacity to be evangelical witnesses and servants.
- Grow in their capacity to lead communities of evangelical witness and service.
- Be equipped to build and support diverse and inclusive communities of faith.

Step forward as a public church that witnesses boldly to God's love for all that God has created.

Current and future leaders throughout this church will:

- Have the skills and commitment needed to support communities of theological and moral discernment for participation in public life for the sake of the world.
- Be equipped to deepen public understanding of and response to issues of wealth and poverty, both domestically and globally.

Deepen and extend our global, ecumenical, and interfaith relationships for the sake of God's mission.

Current and future leaders throughout this church and its companions will:

- Be committed to and equipped for global and ecumenical accompaniment.

Assist the church to bring forth and support faithful, wise, and courageous leaders whose vocations serve God's mission in a pluralistic world.

Current and future leaders throughout this church will:

- Be characterized by theological wisdom, a love for the Church, and a courageous embrace of the critical, integral role they play in its mission.
- Be equipped to live and teach life-long stewardship.
- Work actively to address this church's need for greater diversity in race, ethnicity, age, and gender among its leadership.
- Be healthy, hopeful, and collegial.

Work on an integrated communication strategy for the churchwide organization is well underway. In October 2004 we received the first report of our consultant, Tunheim Partners, which contains ten recommendations and in April 2005 we received the consultant's second report containing an additional seven recommendations. Some of the recommendations have already found their way into the new design proposal. These reports join a previously-commissioned audit of all churchwide

communication media. The Planning and Evaluation Committee of the Church Council will receive progress reports on this strategic communications planning as it continues to unfold.

Leadership groups within the churchwide organization convened by the presiding bishop have been reconfigured. They are the administrative team assisting the presiding bishop in oversight, management, supervision, and coordination of the churchwide organization; the presiding bishop's expanded table for discussion of major initiatives of the Offices of the Presiding Bishop and Treasurer; the Cabinet of Executives for information sharing, leadership training and team learning; the services group for discussion of infrastructure services; the program planning and coordination team for future strategic planning and inter-unit program collaboration; and the mission funding core team for coordination of churchwide efforts on mission funding.

Budget Management and Development

Revised income estimates for 2004 required a spending reduction of \$3,100,000 or 3.8 percent of the current fund budget adopted by the 2003 Churchwide Assembly. No changes were made to the 2004 World Hunger budget of \$16,250,000.

Revisions to the 2004 expenditure authorization were developed on the basis of the ELCA Plan for Mission. The Offices of the Presiding Bishop and Treasurer crafted a criteria document within which five levels of priority corresponding to the strategic directions and commitments for implementation were considered. The criteria document gave direct attention to our interdependency and the impact of budgetary decisions on our networked environment. The levels ranked certain portions of the churchwide organization's work from "critical" to "not a priority." The "certain portions" were those budget items submitted by each unit that constituted six percent of their present 2004 expenditure authorization.

Members of the churchwide Planning Team did an outstanding job of coming forward with budget items that, if necessary, could be eliminated from their expenditure authorization. Each of these items was ranked by the Offices of the Presiding Bishop and Treasurer within one of the five levels. In order to achieve the 3.8 percent reduction, it was necessary to eliminate all items ranked in three levels: not a priority, low priority, and priority. Most of these reductions recurred in budget planning for 2005 and beyond.

No compensation increase for staff was provided in 2004. Twenty staff positions were eliminated; of these 20 positions, 12 were vacant at the time of their elimination.

The 2005 current fund budget is based on an estimated increase in income of \$377,500 over 2004. In addition, the expense allocation for the obligation for retiree medical premiums was reduced by \$1,485,000 due to revised actuarial projections of the Board of Pensions. This major reduction, together with the increase in estimated income, allowed for the reallocation of \$1,862,500 in the 2005 budget. The primary reallocations were \$815,500 for non-recurring grants to ecumenical and institutional partners of this church, \$100,000 for non-recurring grants to emerging churches in the global Lutheran family of churches, and \$900,000 for contingency.

The 2005 current fund budget incorporated an allowance for salary increases averaging 3.5 percent. No changes were made to the 2005 World Hunger budget of \$16,500,000.

Through the faithful partnership of congregations and synods in mission support to the churchwide organization and significant underspending by the organization in 2004, \$4.5 million were available in 2005 for designation by the Church Council. By action of the council in April 2005, \$2,050,000 will support the leadership development dimensions of the evangelism strategy, five ethnic-specific strategies, young adult leadership program in global mission, and leadership in public life. In addition, a position of executive assistant to the presiding bishop for leadership development is funded. This position serves as the advocate, ambassador, and coordinator for this endeavor. Additionally, the council designated funds for new congregation development and renewal, introduction of the new primary worship resource, ministry among people living in poverty, and the churchwide strategy for ELCA engagement in Israel and Palestine.

Operations of the Churchwide Organization

An integrated database project has been inaugurated. The project's ultimate goal is better management of contact data so that the churchwide organization can function at a much higher level of effectiveness and efficiency. The foci are donor data and mailing lists. Negotiations are nearly complete with a vendor for the system and software applications required for this project.

A study of how finance and human resources work is staffed and structured in the churchwide organization began in early 2004. The end result, effective on October 15, 2004, is a significantly different way of delivering these services internally. Most unit accounting is now performed through staff of the Office of the Treasurer; previously each unit had staff dedicated fully or partially to these tasks. Work in the Department for Human Resources is expanded by the transfer of payroll services to the unit, a new position on contracting and policy administration, and a position transferred from the Division for Outreach that previously related to mission directors and developers on personnel matters and is now expanded to relate to all deployed staff of the churchwide organization. The net reduction in full-time staff positions has been five and one-half positions, which is a savings to the organization of \$250,000.

All churchwide staff participated in a staff training day in February 2005 dedicated to business continuity planning. Resource persons from the American Red Cross, Federal Emergency Management Agency, Lutheran Disaster Response, Chicago police and fire departments, ELCA Board of Pensions, and LaSalle Building Management assisted in making the day a very successful orientation to sound business continuity practices.

As indicated in the restructuring proposal for the churchwide organization, we calculated the 2004 baseline on support of multicultural ministries in the churchwide budget. The amount is \$8,073,049. This amount is approximately 10 percent of the unrestricted operating budget. Annually we will undertake the same analysis to ensure that the budgeted support of multicultural ministries is maintained as promised in the final design proposal.

An extensive audit was conducted in 2004 of environmental stewardship practices at the Lutheran Center. The audit resulted in a number of new or improved practices including the use of fair-traded coffee and expanded use of recycling containers.

An integrated development services unit in the churchwide organization was organized in 2004 bringing together the mission-funding work of the ELCA Foundation, Fund for Leaders in Mission, Mission Partners, Mission Founders,

Missionary Sponsorships, World Hunger and Disaster Appeals, Vision for Mission, and the existing development services desk.

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