



CONGREGATIONAL  
STEWARDSHIP  
WORKBOOK

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# ***Financing Lutheran Schools***



**Congregational Stewardship  
Workbook 2000**

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## Notes

Martin Luther once said, “When the schools flourish, things go well and the church is secure. God has preserved the church through schools.”

## Notes

Quality, Christ-centered education is a significant, traditional ministry of congregations in The Lutheran Church—Missouri Synod.

Even though Lutheran schools are a significant resource for mission and ministry in a congregation, financing a school's operation sometimes becomes a cause for tension among members. This places stress on effective stewardship. That is why a congregation must clarify expectations and the role of the school in its mission.

This section of the Congregational Stewardship Workbook attempts to raise issues and questions rather than establish guidelines. It provides ways to take a "snapshot" of the relationship of the school to the congregation as a whole, and to evaluate that relationship for action. Each Lutheran school has a different focus since each is linked to a particular congregation and/or community. That focus will change over the years in relation to the congregation's strategy for service related to the changing needs of people.

## Outline

### I. The Mission of the Lutheran School in the Congregation: A Cost/Benefit Analysis

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#### B. The School's Role in Mission

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3. Member Recruitment
4. Leadership Development

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5. Grants
6. Fourth Source Funding

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- A. Administration
- B. Faculty Expense
- C. Educational Expense
- D. Operating Costs
- E. Size of Program

### IV. Independent Programs

#### V. Conclusion

### VI. Resource Guide

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## Notes

**B. The School's Role in Mission**

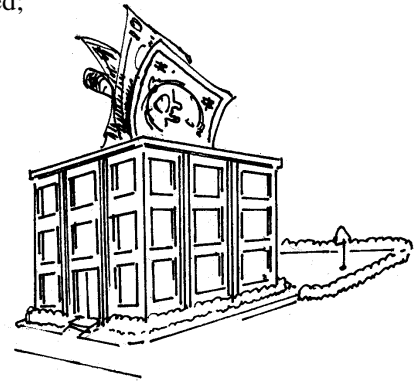
Four concepts must be emphasized:

## 1. Mission

The Lutheran school is mission because it functions within the Great Commission. Its intention is to prepare children who are:

- nurtured in the faith;
- taught everything that Jesus commanded;
- made disciples;
- taught the Gospel.

Parents are willing to invest tuition dollars to have their children in a Lutheran school. This presupposes we will share the Gospel with these children and their families. There is no other agency of the church where people pay the congregation to share the Gospel with them.

**An Exercise**

Write out the mission statement of your school:

## 2. Evangelism

The Lutheran school is evangelism because it permits personal witness of one's faith in the classroom as well as in various activities of the total ministry of the school and congregation. This personal witness touches the lives of people.

## 3. Member Recruitment

The Lutheran school has the opportunity to share the Gospel in such a way that people want to be incorporated into the fellowship of believers in the sponsoring congregation.

Attendance of families who are not members of the congregation does not automatically lead to membership in the congregation. A need for intentional recruitment of such families remains. Recruitment includes communication, invitation and assimilation into congregational life. This is especially true where the constituency of the school differs from the congregation in terms of race, ethnic background, socio-economic level and language.

**An Activity**

What are the expectations for school families in relation to the congregation and its primary mission?



## Notes

Schools may charge fees to cover the cost of textbooks, activities, registration, etc. Fees become an important part of school income. Establish clear rationale for fees so they are used specifically for their stated purposes and do not become a “hidden tuition.”

### C. Third Source Funding: Support From Other Sources

All other sources of income are known as Third Source funding. Third Source funding accounts for an average of about 5 percent of Lutheran school budgets, though this amount is expected to grow. The most prevalent sources of Third Source funding are:

#### 1. Fund-raising

Schools have developed various ways to raise additional funds through fund-raising activities that may or may not involve students. Establish policies and procedures on the types of fund-raising permitted and the role of students and families in the fund-raising, especially if this involves selling products.

Other types of fund-raisers deal with policies like an annual fund or a specific appeal during the year. Establish procedures employed to gather and use funds.

#### 2. Federal Aid

Programs of the federal government provide specific types of assistance to special-need cases. Look into possibilities of using these sources of funding. Typically, states often administer these funds through local public school districts and govern participation in the aid programs.

Details of programs available to Lutheran schools can be found in the publication “Benefits for Private School Students and Teachers from Federal Education Programs” from the U.S. Department of Education at <http://www.ed.gov> or by calling 1-800-872-5327.

#### 3. State Aid

This differs by state. States provide transportation, textbooks, technology assistance, library and other materials. Some even provide financial support for services the state requires the school to perform.

A few states have voucher programs that pay a portion of tuition at the school of the parents’ choice. These programs often are subject to litigation regarding their constitutionality, and they may mandate specific enrollment and curricular policies at schools accepting vouchers from students. *Note:* Participation in these programs needs serious consideration because of their potential impact on the religious component of education in Lutheran schools.

#### 4. Program Activities

Schools have developed activities conducted on a fee basis. These may include the following:

Extended-care programs: These usually involve an extended school day under supervision of the school. Such programs are academic and/or recreational.

Summer school programs: These may be academic or recreational. Surplus funds from some activities can be used to underwrite operational



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## 5. Grants

See the Department of Schools publication “Lutheran Schools Administrator’s Handbook—Funding” (S08340).

In some situations, the school and church staff are paid substandard salaries as an indirect and unintentional means of supporting a school ministry. This is inappropriate under any circumstances. Congregations are to provide adequate salaries in accord with district salary guidelines or at the level of local public schools, or at some intentionally designated proportion of public-school salaries.

A. Is this a congregation with a school or a school with a congregation?

B. Is the percentage of the congregation's budget allocated for school

C. Who pays tuition? What difference does it make:

- If the primary purpose of the school is to serve members of the congregation?
- If the primary purpose of the school is to reach the unchurched?

First Source: \_\_\_\_\_ %

Second Source: \_\_\_\_\_ %

Third Source: \_\_\_\_\_ %

Fourth Source: \_\_\_\_\_ %

E. What ideas from this section warrant further exploration?

F. What questions must you ask yourself before you accept grants, governmental aid, or vouchers?

G. Compare your current teacher salaries with recommended district guidelines and with local public school salaries. Discuss: Are we guilty of fourth source funding? What is a reasonable and realistic plan to eliminate this problem?

## Part Three: Expenses of Lutheran Schools

### A. Administration

One key question is whether the school needs a full-time or a part-time administrator. With the growing complexities of school ministry and the

## Notes

need for additional funding, there is a trend toward full-time administration. Unless the school is small, it is no longer possible for a person to fulfill adequately both the roles of administrator and teacher part-time.

Important for any administrative structure is secretarial time. A good secretary can provide basic continuity. A school secretary is usually the first person people meet when they come into a school. Therefore, the secretary has an important ministry role in the total school program.

**B. Faculty Expense**

Develop staff policies for salaries, housing, tax regulations, compensation for non-school activities and expectations in relationship to the congregation. Many LCMS districts have published salary guidelines to help congregations effect equitable salaries. The salary guidelines may or may not be equitable with the public-school-teacher salary schedule.

**C. Educational Expense**

These expenses include the cost of various educational items, including books, supplies, learning activities, educational technology, etc., and special programs for families, exceptional needs, etc.

**D. Operating Costs**

The operation of the physical facility, including maintenance, repairs, janitorial service, etc., are operating costs. Other important operating costs include insurance and legal retainers. A growing trend in society affecting school ministry is litigation. Lawsuits involving Lutheran schools occur where there is negligence in certain school activities or where schools have not followed proper procedures or provided adequate documentation for the dismissal of students or staff.

**E. Size of Program**

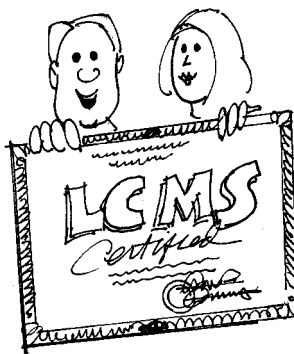
As the cost of education increases and certain programmatic aspects are desired, the school needs to reach an efficient size in operation. This is especially true if the school is to maintain adequate administration. The size of the program will depend upon resources of the facility, type of program—elementary/early childhood/high school—and the size of the community.

**An Exercise**

- A. Are faculty members expected to be congregation members? If they are not members, what are the expectations regarding their particular involvement and role in the mission and ministry of the congregation?
- B. Are faculty members rostered, LCMS certified and commissioned? If not, what is the religious expectation for non-rostered staff? Is there a salary difference between rostered and non-rostered teachers?
- C. Are faculty members expected to be available for summer programs: to reach the unchurched, curriculum development, training events for volunteer teachers, vacation Bible school, etc.?
- D. The salaries paid to teachers are frequently less than their counterparts in secular schools. How do your teachers compare? How do they

compare with your local LCMS district guidelines or reports? What benefits (health insurance, retirement, etc.) does the congregation pay and what is the cost?

- E. If the salary scale of the congregation suggests a significant disparity with district and community salary scales, what might you do over, say five years, to reduce the gap?



## Part Four: Independent Programs

Independently operated programs are often typical of preschool ministries where a group of mothers start a program and it is not considered a ministry of the congregation. The congregation may have little control over such programs. In some cases the congregation is only the landlord and the school the tenant. This has implications for the congregation in how it wishes to project its image to the community, based on the programs that take place in its school. If there is a problem in the school, what are the implications to the congregation?

Landlord/tenant relationships demand clear thinking in terms of negotiations for acceptable use fees, what is included for use by the program and issues of storage and protection of property, insurance, etc.

## In Conclusion

Stewardship touches all areas of ministry in a congregation, including the Christian day school. “Financing Lutheran Schools” is a challenge to look at the operation of a school through “stewardship eyes” and to seize the opportunities to educate people in the proper use of their time, talents, and financial resources. Use this section to lead to effective two-way interaction and communication between the leaders of the congregation and the school.

## Concluding Exercises

- A. On a scale of 1 to 7, describe the relationship of the congregation and school as integrated (one common mission) or segregated (two separate missions).

One Mission	1	2	3	4	5	6	7	Separate Missions
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- B. Identify action steps toward greater integration. For example, student involvement in weekly worship, school news in the parish newsletter, etc.
- C. Where is Christian stewardship intentionally taught in the school's curriculum? What approach will you use as a stewardship committee to ensure this opportunity is not overlooked?

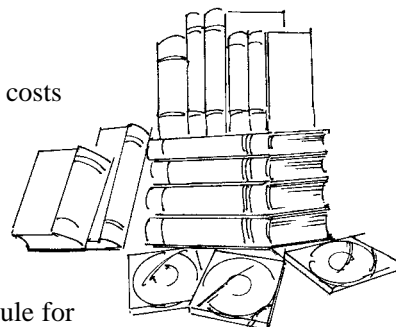
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## Resource Guide

The items below are available at nominal costs from the LCMS Department of School Ministry (1-800-248-1930, Ext. 1296).

**Salary and Benefit Schedule****Workbook for Congregations and their Schools (Bulletin S08478)**

Helps for setting a workable salary schedule for all congregation workers.

**School Tuition, Contributions, and Tax Deductions (Bulletin S08503)**

An explanation of IRS Revenue Ruling 83-104 related to the deductibility of contributions and fees paid to Lutheran schools. Important guidelines and sample policy statements included.

**The Changing Tides of Member Tuition (Bulletin S08771)**

Helps congregations and schools that have felt a need to charge tuition to members.

**Lutheran School Funding Models (Bulletin S08750)**

Varied examples of how Lutheran schools around the country are funded—from total congregation funding to no congregation funding and many in between. (Provides models to help you evaluate your school's funding process.)

**Statistical Report Summary**

Updated annually, this publication provides a variety of current statistics regarding finances, enrollment and administration. More detailed statistical information is provided in the following three annual reports:

**Statistics: Lutheran Elementary Schools****Statistics: Early Childhood Centers****Statistics: Lutheran High Schools****School Choice and Lutheran Schools (Bulletin S08436)**

An introduction to school choice in the United States and a review of the issues of educational vouchers for use in Christian schools.

**“Lutheran Schools Administrator’s Handbook—Funding” (S08340)****Lutheran School Administrator’s Handbook C Funding**

Specific information on all facets of funding a Lutheran school.

**Family Ministry of Lutheran Schools (Notebook and two videos)**

Practical suggestions on how to operate family—friendly and family—helpful Lutheran schools.

**National Lutheran School Accreditation Standards Manual**

The standards help Lutheran schools to plan or evaluate policies, procedures and practices in all areas of school operation.



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## Notes

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