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SPECIAL ISSUE

SCHOOL BOARDS II

Principals and Boards: A Team

The Principal as Board Officer

Ethical Issues for College/University Boards of Trustees

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CORRECTION
Page 9 in the February/March 2004 issue of the JOURNAL included an incorrect photo of John Graz. The correct photo is printed here.



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The Stewardship of Boardmanship

When I was an academy principal, I dreaded spending time in committees, never imagining that in a few years, my primary job would be to sit in board meetings all day! As a union vice president for education, I served on eight academy and two college boards. As a division vice president for education, I served as an advisor to 15 college/university boards and conducted training sessions for 10 boards. Now, as a college president, I oversee plans for four board meetings each year. As time passed, I realized that I truly loved attending board meetings and rarely looked at my watch to see when they would end.



Richard C. Osborn

Why did I change my attitude? I realized that just as God made us stewards of this Earth, I was a steward for Him in my board service. When I attended a board meeting, I always asked myself, "If my children attended this school, what would I want for them?" Six biblical principles guided my service. Let me share them with you.

1. The Lord built this school.

In Psalm 127:1, we read, "Unless the Lord builds the house, its builders labor in vain" (NIV). When the financial or personnel challenges seem overwhelming, I remember who actually made the institution possible and continues to guide its operations.

2. Our purpose as a board is to share with our students the good news of the gospel.

In Joel 1:3, the Bible instructs us: "Tell it to your children, and let your children tell it to their children, and their children to the next generation" (NIV). When I focus my responsibility as a board member to ensure that the "telling" continues between generations, I pray that God will sanctify my service and make it even more faithful.

3. We are the body of Christ as a board.

Being an effective board member is a spiritual gift (see 1 Corinthians 12). The body of the church is a unit with many functions (vs. 12), and one of these functions is serving as a board member. Paul emphasizes in verses 25-27 that "there should be no division in the body" (NIV) with each having equal concern for the other. As board members, we are the body of Christ. When we disagree, I am comforted to know that we can still be unified.

4. Safety exists in boards.

Proverbs 11:14 reminds us: "Where there is no guidance, a nation falls, but in an abundance of counselors there is safety" (NRSV). When I wonder about decisions made by boards or fret about why boards take so long to reach a decision, I am reminded that when people collaborate, their decisions are usually wiser and better accepted than those of an autocratic leader. This does not mean that every board decision is correct, but more often than not, collaborative decisions are better than those made by a single person.

5. As board members, we are called to be servant leaders.

Jesus was the world's greatest servant leader. In Mark 10:43, 44, He admonished that "whosoever will be great among you, shall be your minister: And whosoever of you will be the chiefest, shall be servant of all" (KJV). We can make our decisions in bold humility, remembering that just as Jesus served others, we too can be servant leaders.

6. We are God's stewards and copartners in creation.

David L. McKenna, in his 1991 book published for the Association of Governing Boards, *Good Stewardship: A Handbook for Seminary Trustees*, suggests that our service as board members is rooted in the biblical story of Creation, when God charged human beings to be trustees of all that He had made. Since God inspired the establishment of our institutions, it is our duty to serve as their trustees or stewards.

When I take into consideration these six biblical principles of being a board member, I realize that there is stewardship in boardmanship.

As you read this special issue of the JOURNAL OF ADVENTIST EDUCATION, may you find renewed stewardship in how you conduct your boardmanship. ✍

Dr. Richard C. Osborn is President of Pacific Union College in Angwin, California. He has served as an academy teacher and principal, union and division vice president for education, and has logged many thousands of hours of service on various school boards.

Principals and Boards: A Team

Every organization must have a system of governance—to define the purpose of the organization and state how its resources will be allotted to achieve that purpose. Sometimes, governance decisions are made by one person. But most organizations employ some sort of group effort for decision-making on major aspects of operation. Such a group is frequently referred to as a board.*

In some cases, the board manages the organization, while in others, it simply approves or disapproves of decisions made by professional managers.

Almost all Adventist schools have governing boards. Their effectiveness is as varied as the schools they govern. Dealing with the school board is a major function of school administration, but how to do so effectively is seldom taught in education courses. The reason for this is, at least in part, that very limited research exists on the effectiveness of boards, as well as administrators' methods of dealing with them. Thus, one must rely on personal observations and experience as a guide. And it is from my experience, both as an administrator and as a board member, that I draw my perspectives for this article.

Dealing with the school board is a major function of school administration, but how to do so effectively is seldom taught in education courses.

The Purpose of Boards

What is the purpose of the governing board of an Adventist school? Is it to manage the school or to affirm the management decisions of the principal? I believe the answer is “neither.” Rather, boards can effectively serve three major functions: policy making and enforcement; oversight of school operations; and cheerleading for the institution.

Policy Making and Enforcement. The board should determine the policies to govern the school, leaving the administrators to implement those policies.

When these two aspects of policy get mixed up, trouble rages between the school board and the principal. Boards do not do management well; principals frequently overlook important aspects of policy development.

Policy is nothing more than a statement of intentions about the major operating goals of the school. It often encompasses a number of areas, ranging from building projects to spiritual-life ac-

By Lyndon G. Furst

* John Carver, *Boards That Make a Difference* (San Francisco: Jossey-Bass, 1997).



tivities. One such goal might be to operate within a balanced budget. How to achieve this is usually best left to the school principal. If the principal does not take policy seriously, the board may be tempted to step in and assume the role of management. A wise principal will do his or her best to function within the policies set by the board.

Oversight of School Operations. A business friend of mine has a favorite saying that applies to this function: “You get what you inspect, not what you expect.” This may sound harsh, but my experience indicates that it is usually true. An effective school board inspects the school and its operations on a continuous basis. This does not mean that individual board members are constantly snooping around the classrooms, but they must be knowledgeable enough about school operations to ensure that board decisions are being implemented and that the policies are accomplishing their intended purpose.

Cheerleader for the School. The board should be proud of the school and the mission it carries out on behalf of the church. Individual board members should speak out publicly in support of the school and should help recruit students. If they do not feel comfortable in this role, they will probably not be effective members of the board.

The Principal’s Role

So, what does the principal do while the board is making policy, overseeing operations, and promoting the institution?

The effective principal develops a positive relationship with the board and its individual members by keeping them informed about school operations—and more specifically, how board policies are being implemented. The principal also plays a leadership role by recommending possible policy changes to the board. He or she makes sure that the board has the necessary information to

oversee the school operations. This means that boards should be kept fully informed about finances, the teaching/learning process, the spiritual health of the institution, and the school’s interface with parents. I have found, as an administrator, that the more open I have been with boards on such matters, the more they trusted my judgment to make sound management decisions.

Boards work most effectively when the school has an effective administrator. In fact, the most important policy decision a board can make is selecting the school’s leader. If they make a bad choice, nothing else will function right.

The principal has two major functions in relation to the board. First, to manage the school well within the policies of the board. When a school is poorly managed, the board and its individual members are tempted to

What is the purpose of the governing board of an Adventist school?

involve themselves in its daily operations. This usually does not work well and often leads to conflict, which limits the effectiveness of the teachers and administrators.

The principal also has a leadership role with the board. He or she should not only provide the information needed for the board to carry out its oversight function, but also inform the board about the effectiveness of its policies. This means proposing new policy or modifications to existing policies if they are not working well. This leadership role is especially important in relation to instruction. The principal is the professional educator and knows, or should know, more about the educational process than the board does. It is his or her responsibility to keep the board informed about the latest research on curriculum and instruction and help the board create policies that support best practices in instruction.

In public schools, the superintendent interacts directly with the board. However, the principal usually assumes this role in Adventist schools. In fact, it is not unusual for the principal to be a voting member of the church school board or even to serve as its secretary. In most public schools, such a situation would be considered an illegal conflict of interest. However, I have seen it work well for the principal of an Adventist school to have more direct involvement with the board. Yet, the principal must be careful not to become overbearing in the policy-making process. If he or she is seen as exercising too much power, board members may feel resentful at their own powerlessness and cease to give full support to the school, or disengage themselves from active involvement on the board. In either case, the school suffers.

Board Membership

In Adventism, as well as in other venues, there is a wide diversity of opinion about who should serve on a school board. Some feel that only

people who are knowledgeable about educational issues should be on a school board, while others believe that a board should consist mainly of parents. Then, there is the matter of diversity—ensuring representation of the various subgroups of the church on the board. I confess that I have changed my mind on this issue over the years as I have worked with boards both as an administrator and as a board member.

One theory of board membership is that people on boards represent a specific constituency as they make decisions. In other words, they function as delegates for the subgroup. Thus, every subgroup in the church

should have delegates on the board. They then vote in the subgroup's best interest on issues that come before the board.

Another theory is that of trusteeship. The individual holds his or her position in trust for the larger constituency and votes the best interest of the school on issues that arise. My current thinking is that the trustee theory works better than the delegate theory.

Under the trustee theory, any member of the church constituency who is interested in the success of the school and willing to devote the necessary time and energy to serve on the board should be considered eligible for membership. This means that even people who have never had children enrolled in the school could serve on the board if they are willing to commit themselves to the success of the school. However, board members must be able to enthusiastically carry out their role as cheerleaders for the school. If their children are

When a Board Member Meddles

Early in my tenure on a public school board, I was elected chair of the finance subcommittee. I soon discovered that the budget for the coming year was out of balance by \$65,000, and the superintendent had no plan to get it back in balance. "This budget is already bare bones, and there is nothing left to cut," he said. I insisted that we must have a balanced budget to present to the board, and the other members agreed.

I asked the business manager to give me a list of items that we might cut totaling over \$100,000. I wanted the finance committee to have some choices.

When I showed the list to the superintendent, he said that it would be bad to cut anything on the list, and he would have no part in it. I selected several items from the list that I thought would be least harmful to the educational program of the schools and that added up to the amount we needed to cut to balance the budget. I then recommended these cuts to the full board. They voted the cuts.

After the board meeting, one of the principals approached me with a great deal of concern. He explained the detrimental effect of one of the cuts we had just voted. "I could have given you several other items to cut that would not have hurt our program so much if you had only asked me," he said. As we discussed alternatives, I realized that I had indeed made a decision that was not in the best interest of the school district. I also realized that when a board member meddles in administrative matters, it frequently does not work out well. I should have discussed the cuts with the principals before presenting a proposal to the board.

not enrolled there, they will always be defending that choice and may not be able to function effectively on the board.

There is one caveat to the trusteeship theory of board membership—the matter of diversity. Boards usually make better decisions when the members come from a variety of backgrounds. If all members of the board are parents of young children or if they all work as accountants, the board will lack the diversity of experience that makes for creative group decision making. While members should not feel compelled to represent the subgroups of which they are a member, the board should have a variety of people as members so it will be as effective as possible.

This matter of diversity is especially important in schools that serve a multicultural or multi-ethnic community. People from different cultural backgrounds frequently have varied perspectives on educational issues that come before the board. The board as a whole makes better decisions on matters of policy if these perspectives are presented at meetings. However, I do not believe it is helpful to expect board members to represent their own ethnic group. Rather, they are most effective when they speak to issues from their own personal experience and viewpoint. Viewpoint diversity is more valuable to a successful board than ethnicity.

Boards can effectively serve three major functions: policy making and enforcement; oversight of school operations; and cheerleading for the institution.



Board Meetings

I have witnessed large variations in how board meetings are conducted. One board of which I was a member several years ago had no agenda or specific plan of operation. The members just gathered around a table and talked about the school and

the problems it faced. After a couple of hours, the board chair would say, “Well, I guess there is nothing more to talk about, so we might as well adjourn and go home.”

I witnessed the other extreme when I recently attended a board meeting as an observer. The agenda was carefully planned, with each item given a certain number of minutes for discussion. The chair cut off discussion precisely at the designated time.

The agenda item on finance contained a number of rather complex reports. Yet, the chair limited discussion because “we must stay on schedule.” The board voted each item as it was presented with only perfunctory discussion.

I believe an effective board should operate somewhere between these extremes. There should be a carefully developed agenda that guides the discussion.

Many boards have active subcommittees that deal with substantive policy issues before they come to the full board. One board on which I was a member used subcommittees to develop the agenda. Each committee did a lot of groundwork before an item was discussed by the full board. At first, I saw this process as quite cumbersome, but soon discovered that it worked well because items on the agenda had been well researched

An Expensive Decision

Some years ago, the conference superintendent visited a one-room church school and stayed for the evening meeting of the board. The main agenda item was a request by the teacher to purchase a heavy-duty jump rope for playground use at a cost of \$22. One of the board members suggested a cheaper one he had seen in a catalogue for \$16. The board debated this issue for half an hour, discussing the merits of wooden handles versus plastic ones and the proper length of the rope. Finally, the superintendent asked the members, most of whom were professional people, what their time was worth. “You have just spent \$400 worth of your time making a six-dollar decision,” he said. The board members sheepishly agreed and left the jump rope decision to the teacher.



and developed by the time the full board dealt with them.

In most cases, the principal works with the board chair to develop a meeting agenda. Any board member can request discussion of a specific item by asking the principal to put it on the agenda, but generally the principal should already be aware of issues that need to be brought to the board. I have found it effective for the principal and the chair to discuss each

agenda item well in advance of the meeting so they can guide the discussion. That does not mean they should conspire to force their opinions on the rest of the board, but they need to be aware of possible differences of opinion as well as have the necessary information available so the board can make informed decisions. I have found that it works best when the principal and the chair can come to some general agreement on major is-

sues before the board meeting.

Some Problems

Boards are most effective if they concentrate on their two main functions: policy and oversight. When they get involved in the details of school management, they usually become ineffective, and teacher morale may plummet. When boards meddle in management, it is usually because the principal has fallen short in that area. Principals who do a good job of managing the school usually have boards who are happy to let them do so.

Nearly every board has at least one member with a personal agenda or who does not function well in an environment that requires cooperation. If this is not dealt with, the entire board may become dysfunctional. A principal can exercise leadership in such cases by trying to find out what motivates such members and what issues they have with the school or its operation. Sometimes, making such people feel that they are a part of the inner circle of decision makers is all

Communication

I was asked to mentor the principal of a metropolitan Adventist school who was having difficulty with his board. In our discussions, I asked him when he last talked to the chair of the personnel committee. "Oh, I haven't talked to him for several weeks," he replied. "There haven't been any personnel issues on the agenda for at least three months, so there has been no reason to talk to him."

I tried to explain to the principal the need to maintain good communication with board members even in the absence of agenda items. His response was to send a weekly memo to the board chair and chairs of the subcommittees regarding happenings at the school. It came as no surprise to me that the personnel committee recommended that the principal not be offered a contract for the upcoming year.

that is needed to coax them to take a more cooperative role. In other instances, they may have personality traits that cause them to spread their angst to everyone with whom they come into contact. I know of no magic formula for dealing with such individuals. However, the principal and board chair must work together to show respect to the problem member while ensuring that he or she does not dominate the board or keep it from functioning effectively.

Some Final Thoughts

Over the years, I have observed a variety of situations on boards of Adventist schools, as well as other organizations. I have seen administrators totally dominate their board, which functioned primarily as a rubber stamp. At the other extreme, I have observed boards essentially at war with their administrative leader. Both situations are detrimental to the institution. A better plan is for the principal and the board to function in their own sphere of responsibility while maintaining a spirit of mutual respect for the work of the other. Generally, the school principal must take a strong leadership role to ensure this type of mutually beneficial relationship.

The principal has both a leadership and a management role with the board. By exercising leadership, he or she develops positive relationships with and among the board members and can initiate policy that will help the school more effectively fulfill its mission. But above all, he or she must exercise spiritual leadership. As the board is led to see its responsibility of helping the school achieve its mission, many of the usual problems of such groups will diminish. The principal will have more credibility in all areas of responsibility if he or she is seen as a spiritual person who deals with people and issues in a fair and unbiased manner.

The board should determine the policies to govern the school, leaving the administrators to implement those policies.

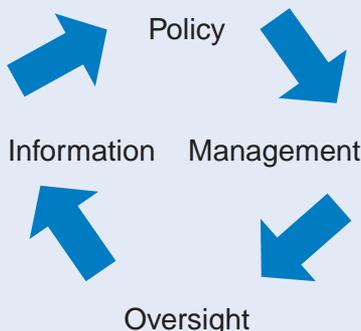
In matters of management, the principal not only handles the business of the school, but also the details of the board. He or she must see that the room is set up for the meeting, that materials are prepared when agenda items require supporting information, that notices of the meeting are sent out well in advance, and that he or she is prepared to speak knowledgeably about the issues that come before the board. Good management requires open communication with individual board members, especially the chair and other officers.

Traditionally, in the Adventist system, board meetings have been closed, and their discussions have been considered confidential. My experience on the public school board is just the opposite—most meetings are open to the public. Open meetings usually lead to a healthier climate in the community. When discussion and actions occur in the open, the rumor mill has little fuel to run on. Confidential discussions at board meetings seldom remain so. Early in my career as a church school teacher, I discovered that my students knew about actions of the board well before the teachers did! How much better if everything had been decided in the open. There are items, however, such as discussions about discipline and employment termination, that must be dealt with in closed session.

As I stated early in this article, there is little research on the best way for a school board to operate. What I have presented here is the result of my observations as a participant on a number of boards in a variety of settings over a period of many years. I have tried to emphasize what worked well and note what caused problems. I hope that these observations will be helpful to principals and boards seeking to enhance the success of their schools. ✍

The Governance Cycle

Governance of any organization, including a school, is continuous and cyclical. Boards should develop policy, and administrators should implement policy managing the school. Boards should provide oversight to ensure that policies are implemented and to assess the results. Administrators provide leadership by giving boards the information necessary to carry out their oversight responsibility as well as to develop new policy.



Lyndon G. Furst, Ed.D., recently retired after 40 years of service to the Adventist Church as an elementary teacher and principal, boarding school principal, conference superintendent, and professor of educational administration at Andrews University in Berrien Springs, Michigan, where he continues to work part time as Dean of Graduate Studies. He has served on the boards of several Adventist schools and most recently was Chair of the Andrews Academy board. He currently serves as Trustee and Treasurer of the Berrien Springs, Michigan, public school board and is also on the board of directors for two small health-care corporations.

superintendent, and professor of educational administration at Andrews University in Berrien Springs, Michigan, where he continues to work part time as Dean of Graduate Studies. He has served on the boards of several Adventist schools and most recently was Chair of the Andrews Academy board. He currently serves as Trustee and Treasurer of the Berrien Springs, Michigan, public school board and is also on the board of directors for two small health-care corporations.

The Principal as Board Officer

We expect a lot from Adventist principals. We want the principal to be a spiritual leader, a manager of the school's resources, an instructional leader who supervises teachers and staff, a fund raiser, a curriculum specialist, a friend of students, a disciplinarian of students, a master communicator, a stimulator of student academic and spiritual growth, a coordinator of professional growth for all employees, and a liaison with the home and school organization.

On top of all this, we ask the principal to be the executive secretary of the school board. Besides keeping an accurate written record of all board meetings, he or she is to implement the actions of the board. But it does not stop there. Since the principal is often the only professional educator on the board (superintendents do not attend every meeting), he or she must educate the board as to their roles and responsibilities.

Since up to one-third of a board is new each school year, the principal should annually review with the board the generally accepted governance practices of effective boards.

Functions of the Board

Since up to one-third of a board is new each school year, the principal should annually review with the board the generally accepted governance practices of effective boards. These functions and roles may be obtained from union conference education codes or professional organizations such as the National School Boards Association.

As pointed out in an earlier boardsmanship article in this journal,¹ effective boards fulfill four essential roles—and the principal has a key involvement in each.

1. First, *the principal and the board must establish a vision for the school.* Some members believe that Adventist schools are overmanaged and under-led. This means that many principals do not take a strong role in leading their teachers and helping their board define desired goals for the future of their school. Since excellence includes “continual improvement,” quality boards should set improvement goals each year. As Lyndon Furst writes elsewhere in this issue, the principal has both a

By Ed Boyatt



management and leadership role to balance. Visioning, strategic planning, and goal setting are all part of the principal's responsibility.

2. Next, *the school board votes policies and finds resources to support the vision and mission of the school.* This is the area where boards spend most of their time. This function involves reviewing the financial status of the school each month and establishing policies that supplement the working policies of the division and of the union conference education code. Since board members do not usually have a copy of these two policy books, members expect the principal and superintendent to be knowledgeable about and to explain the applicable policies (conference, union, and division levels) when various issues arise.

3. Another major function of the board is to *assess progress toward the goals of the school and to ensure account-*

The principal and the board must establish a vision for the school.

ability to the constituency. As with most functions of the board, members expect the principal and conference office of education to oversee the essential assessments. This includes standardized academic achievement tests, which are administered annually by the conference, and annual evaluations of all employees, which are conducted by the principal and superintendent.

A bigger challenge to principals and boards is to assess the spiritual growth and development of students. The short form of the Valuegenesis survey is an excellent assessment tool

that provides a longitudinal spiritual profile if conducted annually.²

4. Finally, *board members are advocates for students and Adventist education.* Principals model this commitment to their board by visiting churches and church boards during the school year, giving reports that demonstrate the success of their school. The more often principals share with the constituency the good news of Adventist education, the more likely that parents will see the value of Christian education for their children.

These four functions are fundamental to effective Adventist school boards. They are the *what*, the *how*, the *how well*, and the *marketing* of Adventist education. Establishing a vision of a preferred future is the *what*, maintaining an organizational structure to support the vision is the *how*, assessing the progress of the school

and ensuring accountability is the *how well*, and the communication of the importance of our youth and of Adventist education is the *marketing* role of each board member.³ The Adventist principal must demonstrate leadership in all these essential functions. That is why the board's most important decision is to recommend to the conference board of education the hiring of a principal who will effectively fill these important roles.

Agenda Development

Effective principals and professional board chairs understand the importance of board agendas and how to develop them. If the school constitution does not contain a process for developing a board agenda, the board should vote a policy describing how to place an item on the agenda. The principal usually is designated to develop the agenda in consultation with the board chair. They should discuss the agenda before each board meeting so that they understand the context and directions of potential actions.

Before each board meeting, members should receive by mail the agenda, minutes of the previous meeting, and supporting documents that need to be reviewed before important items are discussed and voted. This mailing also alerts board members to official actions that will be considered. Board members will learn through this process that new items are usually not placed on the agenda the day of the meeting. It is not fair or wise for the board to take action on an item that the school administrator has not had sufficient time to study and make a recommendation about to the board. If a board member voices a concern not included on the agenda, a wise board chairperson will thank the person for bringing the item to the board's attention and place it on the next meeting's agenda for full discussion and possible action. Members must learn to respect the need for a principal to investigate a concern or research a topic before ac-



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Board members are advocates for students and Adventist education.

tion is considered by the board.

Professional Presentations

Since principals usually report to the board on a regular basis, their presentations should model the appropriate components of a professional report. The principal's report to the board should include a written outline. Board members can use this outline to report the school's activities and business to their local church board.

When I was a conference education superintendent, I often saw principals request the board to approve off-campus field trips or overnight trips without providing written details. As a result of this "conceptual approval," the board often knew little about the details of the trip. Such requests should be made in writing and include a description of how the trip meets the code book policy guidelines. They should include details

such as who is going, the destination, length of the trip, the cost to each student, the number of adults supervising, and the source of insurance for vehicles and participants.

When school policy needs to be revised, a new or updated policy is generally recommended by the principal or by a subcommittee of the board. Since each word is important, members deserve the courtesy of receiving recommendations in writing.

Official Documents

Many school boards have found that creating a three-ring notebook for each board member is a professional way of collecting the actions of the board and constituency. The school secretary or administrative assistant then keeps the notebook current. Colored dividers assist in organizing the board minutes, financial statements, operating budget, school handbook, school board constitution, subcommittee minutes, and the recommendations of the most recent accreditation visiting committee. A map of the physical plant may also prove useful during board discussions. I also recommend a section that includes all policies the board has approved with the date when each was voted. The

school handbook and board constitution contain most of the board and constituency policy actions, but certain actions are not recorded in either of those official school board documents. If your board has not systematically recorded policy actions, it is beneficial for a new school administrator to take the time to read the board's minutes for the past 10 to 20 years to locate those policy decisions. Reading about the school board's challenges for the past decade or two will also help a new administrator understand the environment in which he or she has been asked to lead.

Student and Faculty Reports

Since assessing the students' academic and spiritual development is a major function of the board, the principal should invite members of the school family to share anecdotal evidence that illustrates student and

Another major function of the board is to assess progress toward the goals of the school and to ensure accountability to the constituency.

teacher success. As a superintendent, I looked forward to board meetings that featured curriculum and class activities reports by teachers and students. Board members appreciate learning about innovative teaching methods and approaches that meet student needs and motivate them to achieve. Enthusiastic students can also communicate to board members their perspective on a community-service project or learning activities that have sparked their interest. The credibility of the principal's progress reports to the board is enhanced when teachers and students share examples of excellence that they have experienced.

Financial Reporting

Many principals have treasurers or business managers who know more about school finance than the principal does. That is understandable in an age of specialization. But principals can help the school treasurer/business manager to create a report that all board members can understand. The principal and business manager should begin each year by explaining to board members how to read and understand a monthly financial statement. I often observe in board meetings that only business people ask questions during the reporting session.

The business manager or principal should answer questions that most board members may not ask for fear of revealing their lack of knowledge about finance. The following questions are usually not answered in the typical business report:

1. How much money did we ex-

pect to earn last month?

2. How much money was collected last month? How much are we behind in collections for the year? How does that compare to a year ago?

3. Are all the bills paid? If not, why not?

4. How much money do we have in checking and in savings?

School administrators want board members to understand the budget and its implementation during the year. Principals should help the treasurer/business manager ensure that the budget report is accurate and clearly describes the school's fiscal health.

Efficient Use of Time

A challenge for most school boards is to make efficient and effective use of time. Some boards set a closing time for board meetings. (A policy might read as follows: "All board meetings begin at 7:30 p.m. and end no later than 9:00 p.m. A majority vote is required to extend a board meeting.") This sends a strong message that members want the chairperson to guide the deliberations in an efficient manner.

One way to respect board members' valuable time is for the board to have subcommittees. These subcommittees can be either *standing committees* like finance, personnel, and safety; or *ad hoc committees* appointed by the chair to study a particular issue and report back to the board. They may be designated by the school's constitution or chosen by the board.

Whether a standing or temporary committee, such groups can save the board valuable time and help ensure informed decision-making. Issues such as personnel and finance are too important not to receive hours of deliberation outside the monthly board meetings. The subcommittees should be encouraged to report in a timely and professional manner.

Principal Evaluation

As mentioned earlier in this arti-

Additional Resources

Board members should first seek additional information from the principal and superintendent to aid them in becoming more effective. They can help board members obtain a copy of the guidelines that most union offices of education produce for their region. They also have access to a PowerPoint presentation originally produced in the North Pacific Union that is an excellent resource for a board in-service.

The National School Boards Association conducts regional and national conferences on boardsmanship and publishes the *American School Board Journal*. Check it out at <http://www.asbj.com>.

Many U.S. states have a school board association. They conduct board member institutes and publish a journal or newsletter. The California Web site is a good place to begin: <http://www.csba.org>.

cle, the board helps ensure accountability for excellence in student and employee growth. The superintendent and principal are responsible for annual evaluations of school employees. It is very helpful for the superintendent to include input from board members as well as teachers and staff in his or her evaluation of the principal. This should be done in a professional manner, including written comments about strengths and areas needing improvement.

The board walks a fine line in assessing the success of the principal. Even though education codes require the superintendent to conduct the principal's job evaluation, the superintendent should survey the teachers and board to see how they perceive the principal's leadership.

Through visits to the school and discussions with students, teachers, and parents, the board can gain insights about the institution that will be useful in their deliberations. The board's visibility on campus is also a sign of their commitment to the school and its mission.

Board Evaluation

As mentioned earlier, school assessment and accountability are important responsibilities for the principal and board. Principals should discuss staff evaluations with the personnel committee, report students' standardized test scores to the board, and present reports on service projects that illustrate the mission of the school. But in their eagerness to assess students and staff, boards often neglect to evaluate themselves. A board self-evaluation can be as simple as asking the following questions:

1. What are our strengths? What is our board doing right?

2. What improvements could we make to be a better board? How can we improve our effectiveness and efficiency?

We expect our schools to improve each year. We set one- and five-year goals. Shouldn't the school board assess itself to better understand how



Effective principals and professional board chairs understand the importance of board agendas and how to develop them.

the members perceive the workings of the board? Healthy boards have a strong desire to serve teachers, students, and constituents more effectively. This implies a need for continual improvement in the deliberations of the board.

Summary

A school board's success depends on the teamwork and collaboration of its members. The principal, as executive secretary, fills the most important position on the board in facilitating this success. When the principal demonstrates professionalism, the board will be more efficient and effective. Our community, church, employees, parents, and students deserve

excellence in the governance of our schools. May the Adventist principal be the motivator of excellence that our boards deserve and expect. ✍

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Ethical Issues for College/University Boards of Trustees

Like their public and non-sectarian counterparts, Seventh-day Adventist colleges and universities are governed by boards of trustees that are legally responsible for accomplishing the mission of their college or university. In Seventh-day Adventism, these institutions are operated under certain fundamental principles based on the church's philosophy of education. Members of the governance group are bound by ethical principles, sometimes specified in their constitution or bylaws, other times not so clearly spelled out. The purpose of this article is to identify a number of current ethical issues as described by present board chairpersons and secretaries (college/university presidents) and suggest alternatives for dealing with these issues. We will also make some suggestions regarding the development and review of ethical requirements for boards.

In order to identify issues relating to ethics at the board of trustees level in Adventist higher education, the authors of this article conducted in-depth interviews with eight board chairpersons or secretaries of Seventh-day Adventist colleges and universities in the North American and Southern Asia-Pacific divisions.

The administrators were promised anonymity. Participants could refuse to answer any question and could terminate the interview at any time. Administrators were encouraged to comment on the questions if they considered the topic to be an important one for college/university boards. Interviews lasted one hour on average and included questions such as:

- “What should be the first and greatest concern of a board member?”
- “If you were to rank the basic ethical guidelines for board members, which would be the top two or three?”
- “How important is it for board members to be familiar with how the college/university functions?”
- “Are board members active between meetings?”
- “What should a board member do when she/he hears rumors of mismanagement at the college?”
- “Have you experienced problems with having board members of various cultural backgrounds?”
- “How do you deal with cultural diversity on the board?”

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By Julian Melgosa and Eugene Hsu

• “What should a board member do to ensure ethical financial management?”

• “Can you share an ethical conflict or dilemma you have experienced on your board?”

As we analyzed the interviews, four themes emerged: *function/role conflict, attendance/participation, finances, and confidentiality.*

Function/Role Conflict

Seventh-day Adventist college and university boards of trustees have traditionally consisted of representatives from the college/university and its community plus church representatives, most of them serving on the board because of the ecclesiastical position to which they have been elected (“ex-officio”). The latter group is generally larger than the first. Ex-officio members are often officers of local conferences/missions or unions. Sometimes, they are heads of sister educational institutions or hospitals. This has the potential for creating conflicts of interest. The following potential role conflicts were identified in the interviews:

1. *Ex-officio members wear at least two hats.* Conference/mission presidents are generally ex-officio members of the union college board. Union presidents are generally ex-officio members of the division college/university board. These presidents may also be chairpersons of their local college board of trustees. In addition, the heads of a number of institutions also serve as board members at other colleges in the same territory.

2. *Finances may be sufficiently inter-related to produce conflicts of interest.* Many of these board members represent organizations that share in and receive funds from the same source—the union conference or division of which they are a part. When acting on a financial matter, they may be worried about safeguarding their own subsidy or appropriation instead of

As we analyzed the interviews, four themes emerged: function/role conflict, attendance/participation, finances, and confidentiality.

In our interviews, all participants admitted that these areas pose great challenges and ethical conflicts. However, when asked how to deal with these problems, all respondents (except one who favored change) agreed that the current representational system should not be changed. One of the participants suggested that further study be given to reducing the number of ex-officio members on col-



being concerned about the welfare of the college/university on whose board they are serving at that moment.

3. *There is a risk of rivalry.* When college presidents/board chairpersons sit as a board member of a sister institution, they may vote for policies that safeguard the interest of their own college rather than the welfare of the college on whose board they are serving.

4. *Unethical copying of ideas and plans may occur.* An employee of College A who serves on the board of College B may learn about a newly voted program such as a marketing strategy for College B. Months later, this same plan is implemented at College A, to the dismay of those who originated the idea for College B.

lege/university boards. But the majority agreed that the current system provides ample representation and seems necessary as long as colleges are philosophically and financially tied to church divisions and unions. It is, however, essential to educate board members about the purpose and mission of the college or university they serve.

Attendance and Participation

Failure to attend board meetings was perceived as a problem at all schools studied, especially absence of some ex-officio members. Lack of participation was considered an issue in the Asian context, but not in America. Statements like “Mission/conference presidents lack interest,” “Many

are passive,” “Less than 40 percent of trustees are active,” “Some do not come, and those coming do not speak up, although they do vote,” were quite common. When asked what to do about uncooperative members, the respondents suggested electing someone more willing to help. However, board constitutions state that ex-officio members cannot be replaced as long as they occupy their elected position. So it is not just a matter of looking for new trustees, but also of encouraging the existing ones to attend and participate. The survey respondents’ most frequent recommendation was to use formal orientation, combined with occasional retreats, in order to educate board members about their role and function and to encourage them to be active advocates for their college/university. Other advice included:

- Send written reminders to board members regarding their role and duty to attend and participate.
- Establish a system to record attendance, with the minutes specifying those present, those absent, and those with excused absences.
- Permit a limited number of absences to meetings, and include this policy in the bylaws.
- Assign specific tasks to board members to encourage them to support the school—not only during board meetings, but also throughout their entire term. An example would be to ask them to develop and present seminars or sermons on Christian education in the community and constituent churches.

• In the Asian context, it is acceptable for the chairman of the board to address a particular member at the meeting and say: “Brother B., what do you think of this matter?” or “Elder S., you have not expressed your opinion, and it would be useful for us to know what you think. . . .”

• Also in the Asian context, where mediation is widely used, respondents recommended that board members who are hesitant to speak (perhaps intimidated by the many people with

When college presidents/board chairpersons sit as a board member of a sister institution, they may vote for policies that safeguard the interest of their own college rather than the welfare of the college on whose board they are serving.

the board leaders are approachable, open to suggestions, and not defensive, this will remove any sense of intimidation and promote positive interpersonal relationships.

Finances

Financial mismanagement, especially when it involves personal gain, is one of a board’s most grievous violations. Improper handling of financial resources undermines public trust¹ and tarnishes the image of the church, which, in most people’s minds, should be more scrupulous about these matters than other kinds of organizations.

The board has an ethical mandate to prevent unethical financial prac-



Ph.D.s on the board) should ask another board member to present their views.

In certain cultures, confronting the chairman of the board (or the college/university president) is seen as a sign of flagrant disrespect. As a result, board members with urgent concerns may choose not to speak up. Survey participants agreed that the problem is often caused by the attitudes of the chairman and the board secretary, rather than the board members’ opinions or their cultural background. If

practice, both at the college and within the board. Respondents suggested the following ways to prevent financial irregularities:

• *Internal Control.* Institutions with an internal system of financial control are less likely to have unethical incidents. Patti Mills² outlines the importance of internal control in not-for-profit environments and describes how weakness in this area causes poor management and unethical practices. Internal control should include but not be limited to: specific caps on ex-

It is . . . essential to educate board members about the purpose and mission of the college or university they serve.

penses, required authorization for purchases beyond agreed amounts, more than one signatory for payments, not allowing members of one family to work at the same financial office, and regular financial reports presented at board meetings. Above all, it is necessary to nurture an ethos of collegiality and transparency regarding financial transactions.

- **External Control.** Colleges and universities normally undergo periodic audits by church personnel, who inspect all accounts and procedures. These audits help to identify inconsistencies between policy and practice and to correct mistakes. Auditors also recommend suitable policies where these are lacking. In addition to external (denominational) oversight, there is a growing tendency to use independent auditors (i.e., not employed by the university or the church) who can take a fresh look at the entire financial system and issue a report and recommendations.

- **Board of Trustees Control.** It is virtually impossible for the board in session to exert true financial control.

However, many Adventist college and university boards have established finance subcommittees.³ These are normally made up of trustees with qualifications and experience in financial matters, the board chair, the college president and financial officer, as well as one or two additional experts who may not necessarily be on the board, but who are familiar with the Adventist institutional mission. This subcommittee studies the items under consideration and makes recommendations to the full board.

Confidentiality

Boards of trustees handle a great deal of confidential information, including: hiring and dismissal of teach-

ing staff, salary audits, health issues affecting employment, etc. Confidentiality was often mentioned by survey respondents, although there was not a question specifically dealing with it in the interview. Participants expressed a great deal of concern about this area.

Our church employees and boards belong to a very small circle and know each other well. They discuss items that tend to be familiar to them, along with matters about people whom they know personally. These often become topics of conversation outside the board meeting because they are more meaningful than if they involved unknown persons.

Survey participants mentioned a number of solutions to confidentiality concerns:

- Organize orientation seminars for new members. Don't assume that members know about their obligation to guard confidentiality; instead, instruct them about this duty.

- In order to avoid information being shared outside of the boardroom, remind all members, perhaps at the beginning of each meeting, that



they are bound by confidentiality and that minutes will become the official report of the session.

- To prevent discussion of personal matters, present issues and circumstances without making reference to real names. (This may not be possible if an action needs to be taken regarding a specific individual.)

Reviewing (or Developing) the Board of Trustees Code of Ethics

Survey respondents strongly agreed about the need for a clearly written set of ethical guidelines by which all trustees should abide. This article will not try to set up a code of ethics that is valid for each board of trustees. Rather, the authors would like to pose a number of questions for schools to consider as they review previous codes of ethics or develop new ones:

1. *Is board member attendance and participation a problem?* If so, in the board's code of ethics, there should be a specific statement regarding the duty to attend meetings and actively participate in business.

2. *Are trustees active outside of board meetings?* Trustees tend to be professionals who are employed full-time by an organization other than the college/university on whose board they serve. A general statement about the need to supply ongoing support (time, money, etc.) can be helpful.

3. *Are trustees familiar with the Seventh-day Adventist educational philosophy and church policies?* This may sound like an absurd question, but there are parts of the world where most trustees have not attended Adventist schools/colleges and do not see any problem with having a large number of non-Adventist instructors. Therefore, including the obligations of trustees to uphold and promote the Seventh-day Adventist educational philosophy may be appropriate.

Trustees also have a moral, spiritual, and ethical obligation to make themselves aware of and to follow church policy regarding accreditation, creation of new programs, and

Failure to attend board meetings was perceived as a problem at all schools studied, especially absence of some ex-officio members.

funding. Failure to follow proper procedures can lead to the school's being put on probation by the Adventist Accrediting Association, or even loss of denominational accreditation.

4. *Do trustees understand that their conduct transcends the boardroom?* This may call for an item within the code of ethics requiring board members' attitudes and personal conduct to be in harmony with Seventh-day Adventist Church principles and life-style.

5. *Is confidentiality clearly understood and practiced?* This should be spelled out in some detail within the code of ethics.

6. *Has the difference between governance and management been defined?* The function of the board of trustees is to govern the college/university, not to manage it. The board hires the president and officers of the institution to carry out management tasks. Trustees set the general direction and ensure that the mission is accomplished. The board also evaluates the work of the president. Reference to this governing role, and forbidding meddling in the business of the school, may need to be included in the code of ethics.

7. *Are trustees careful to avoid conflicts of interest?* This needs to be included in every board's code of ethics. Clarification of what constitutes (or may give the appearance of) a conflict of interest is necessary in order for everyone to understand and practice this principle.

8. *Do trustees support board actions even if they do not fully agree with them?* After issues have been carefully discussed and received a majority vote,

every board member should support the action.

The code of ethics should be brief (fit onto one typewritten page) and clearly understood by all members. But it is not enough to develop and publish it. The document needs to be discussed, agreed upon, and embraced by the entire board if it is to become part of the board ethos. Doing this will smooth current interpersonal interactions and prevent unethical practices. /



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Eugene Hsu

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3. The same applies to academic matters. Board members with appropriate backgrounds in higher education serve on an academic subcommittee. It is their job to examine new program proposals, curricular changes, qualification of personnel, ranking, etc. Subcommittees can deal more skillfully and efficiently with these kinds of issues than the entire board, but the full board in session should carefully examine their findings and recommendations and take final action.

School Board Governance Training: Myth or Must?

Seventh-day Adventists operate one of the biggest parochial school systems in the world. There are 5,005 elementary schools, 1,214 secondary schools, and 99 colleges and universities.¹ The church's objective is to ensure that students receive a balanced education in harmony with denominational standards and ideals. Seventh-day Adventists believe that true education is more than the perusal of a certain course of study: "It is the harmonious development of the physical, the mental, and spiritual powers. It prepares the student for the joy of service in this world and the higher joy of wider service in the world to come."²

Adventist elementary and secondary institutions are operated by school boards with five basic areas of responsibility: curriculum implementation, personnel support, institutional finance, physical plant, and public relations. Local church members elect the members of these boards.

School board accountability and board assessment pose many questions, such as: What are the criteria for membership on the school board? Do school board members understand their roles? If not, is training provided to help them function more effectively?

Conference educational superintendents and school principals have received training to prepare them for the role of school leadership. However, most school board members learn through trial and error. According to the Illinois School Board Association, many members learn their roles "by the seat of their pants."³ Caruso says that it will take about a year before a board member gets "up to speed on such things as budget and policy."⁴

A questionnaire was recently given to school board members of Adventist day academies in the Southern Union Conference⁵ to request their opinions concerning board governance training, member role definition, and accountability. When asked about governance training, here is how they responded:

"They [school board members] just come in and assume a position."

Adventist elementary and secondary institutions are operated by school boards with five basic areas of responsibility: curriculum implementation, personnel support, institutional finance, physical plant, and public relations.

By Nathaniel G. Higgs and Elsie T. Jackson

“It [governance training] is one of the weaker links of our academies.”

“The older ones train the younger ones.”

“There is no attention to governance training . . . wrong decisions and confusion and misunderstanding result.”⁶

Generally speaking, school board members in the Southern Union believed that on-the-job training was the major method of board orientation. They agreed with Caruso that it takes at least a year or more for a new member to understand the operations of the board. They also stated their belief that a systematic program of governance training for new members and continuing education for experienced members could greatly enhance the effectiveness of school boards.

In general, survey respondents felt that governance training is needed for the following reasons: (1) to reduce confusion about role definitions, functions, and responsibilities of administrators as contrasted with those of the board; (2) to provide board members with general knowledge about their legal responsibilities for operating the school; and (3) to provide a system of accountability that ensures that the institution's goals are achieved and that regular progress reports are made to the constituency.

Role Definitions

Role definition is often a source of tension between the school board chairperson and the principal. This conflict is not unique to Adventist boards. In a study

of public school boards conducted by Feuerstein and Opfer,⁷ 27 percent of the superintendents surveyed cited role definition as a cause of tension between themselves and the school board.

A recent teachers' convention in the Lake Union Conference looked at school board relationships for principals. The educators were divided into four plenary groups to discuss different topics relating to Adventist school boards. Each group was given a question. Group Four's question was, “What procedures would you suggest to create a positive relationship between the administrator and the board?” The number one recommendation was “training sessions to delin-

eate responsibilities.” First on the list was job descriptions, or who does what. The group agreed that conflict and misunderstanding often resulted from board members' unfamiliarity with their roles and responsibilities.

The school board and its chair are empowered only when the board is in session or when members are authorized by the board to perform a certain responsibility during a given period. As a conference employee, the principal or head teacher is given the authority to administer the affairs of the school on a day-to-day basis. By virtue of this position, the principal is a member of the board and serves as its executive secretary. The principal's responsibilities include, but are not



limited to, implementing board policies and maintaining school records and board minutes. The school board is the policy-making body. The administrator implements school policy and works with the board as a team member.

Legal Responsibilities

School board members are not immune from litigation and lawsuits seeking damages for alleged wrongdoing. Board members may be held personally liable for willful, wanton, and malicious acts. "Although few board members have been held personally responsible for their decisions, board members should know that the law of the land [in the U.S.] says they can be held responsible for a misuse of power and that their actions can [result in their being] fined or jailed."⁸ Therefore, it is important for board members to understand local, state, and national statutes that relate to school operations.

It is the responsibility of the school board to provide a safe learning environment for students. School property should be free from faulty,

According to the Illinois School Board Association, many members learn their roles "by the seat of their pants."

malfunctioning equipment, attractive nuisances,⁹ and environmental hazards. The school buildings and grounds should comply with all governmental health and safety codes.

"Defamation of character involves statements to third parties which have a tendency to reduce esteem, respect, and confidence of good will in which a person is held. Board members are immune for liability from statements made at school board meetings under the doctrine of *qualified privilege*. This doctrine is applicable when it is necessary that certain information be communicated for the protection of one's own interest, the interest of third parties, and the interest of the public. This information is best communicated only during executive sessions of the board." Any like commu-

nication disseminated in other than an executive session of the board may constitute defamation, and the board members may be held individually and/or collectively liable.¹⁰

A school board member can be held liable for loss or damage that results from his or her negligent acts as well as the negligent acts of an employee who is acting under the board member's direct supervision. Common sense and intuition are not a substitute for sound legal counsel. Governance training will familiarize board members with their legal responsibilities.

Accountability

School boards, like teachers and principals, must be accountable. The data received from the survey of Southern Union board members revealed that only a small percentage of the boards conducted any form of assessment. School board assessments should identify the objectives and purposes of the board and provide an avenue for accountability. They should also provide systematic feedback to school board members and the community.

A school board should establish regular procedures for evaluating its meetings and operations. The board should establish goals and a timetable for achieving them. It should periodically review the goals and match them with specific objectives. An assessment may be conducted once or twice a year. Board evaluation and assessment are conducted for the following reasons:

1. to enhance the credibility of the board;
2. to identify strengths and weaknesses;
3. to improve goal setting and specify areas of improvement; and
4. to keep the public and the board members better informed about the board's progress in achieving its goals.¹¹

A board whose members are generally compatible with one another and comfortable with the principal



Role definition is often a source of tension between the school board chairperson and the principal.

can employ a do-it-yourself method of assessment, using a checklist of major features of effective board meetings as a springboard to open the discussion. Contentious, badly split boards should hire a process facilitator. Board meetings will never improve until members agree to work cooperatively. The National School Boards Association can provide instruments for school board evaluations.¹²

Assessment may reveal the need for objective analyses. One helpful approach is to obtain third-party feedback from school employees and constituents about the board's performance. Outsiders can provide a broader and more diverse perspective. Many problems that surface in board meetings are unrelated to meeting procedures. A poor working relationship with the principal or superintendent may produce various difficulties if there is no clear definition of which tasks are delegated to administration and which are the responsibility of the board.¹³

Conclusion

The school board and the principal should work as a team to achieve common goals. Therefore, training is needed to ensure a cooperative operation. Funk and Funk compare a school board without training to a professional baseball team that takes the field without spring training.¹⁴ Team members must know the rules of the game and understand their organization's goals and needs.

Teachers, support staff, and administrators receive formal training for their jobs. Adventist school boards are often the only entity of the school operations that are inadequately trained to serve. One way to remedy this is to provide governance training for each new board member and continuing education for re-elected members of the board.

Conferences should require a system of board assessment to ensure accountability and to fulfill accreditation requirements. Conferences can

also partner with Adventist institutions of higher education to offer courses in governance training that provide continuing-education credits. Board members can obtain information from state associations of school boards. Several U.S. states now require a specified number of hours in governance training to maintain a seat on a public board of education. Although there are differences between the structure of public school boards and those of church school boards, there are also many similarities from which we can draw useful lessons. Research and experience have shown conclusively that governance training does improve school board performance. ✍



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7. Abe V. Feuerstein and V. Darlene Opfer, "School Board Chairmen and Superintendents: An Analysis of Perceptions Concerning Special Interest Groups and Educational Governance," *Journal of School Leadership* 9:4 (July 1998), pp. 386, 387.
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A Board Member's Guide to Financial Statements

Even more than other organizations, non-profits need to be profitable. This enables them to attain their mission.

Education is big business, really big business. The state of California educates six million elementary and secondary students, pays the salaries and wages of thousands of employees, and is involved in the construction and maintenance of more than 8,000 schools.¹ Adventist education, too, is a huge undertaking. Some 5,600 K-12 faculty and administration in the North American Division educate some 63,500 elementary and academy students in 1,031 schools.² Both systems have boards that are charged with responsibility for their institutions' financial assets.

Unlike public school boards, however, local Adventist school boards are outfitted with the will, but not necessarily the able, when it comes to dissecting financial data and using them to make strategic decisions. Fortunately, good boardsmanship does not require financial wizardry. Lay involvement is absolutely essential for the proper functioning of our academic organizations. This article can assist board members in the enormous task of ensuring that schools use their financial resources wisely so as to achieve their mission. It is their responsibility to adequately monitor the financial records of the school. This "implies that board members must be able to understand the accounting procedures and reports presented."³

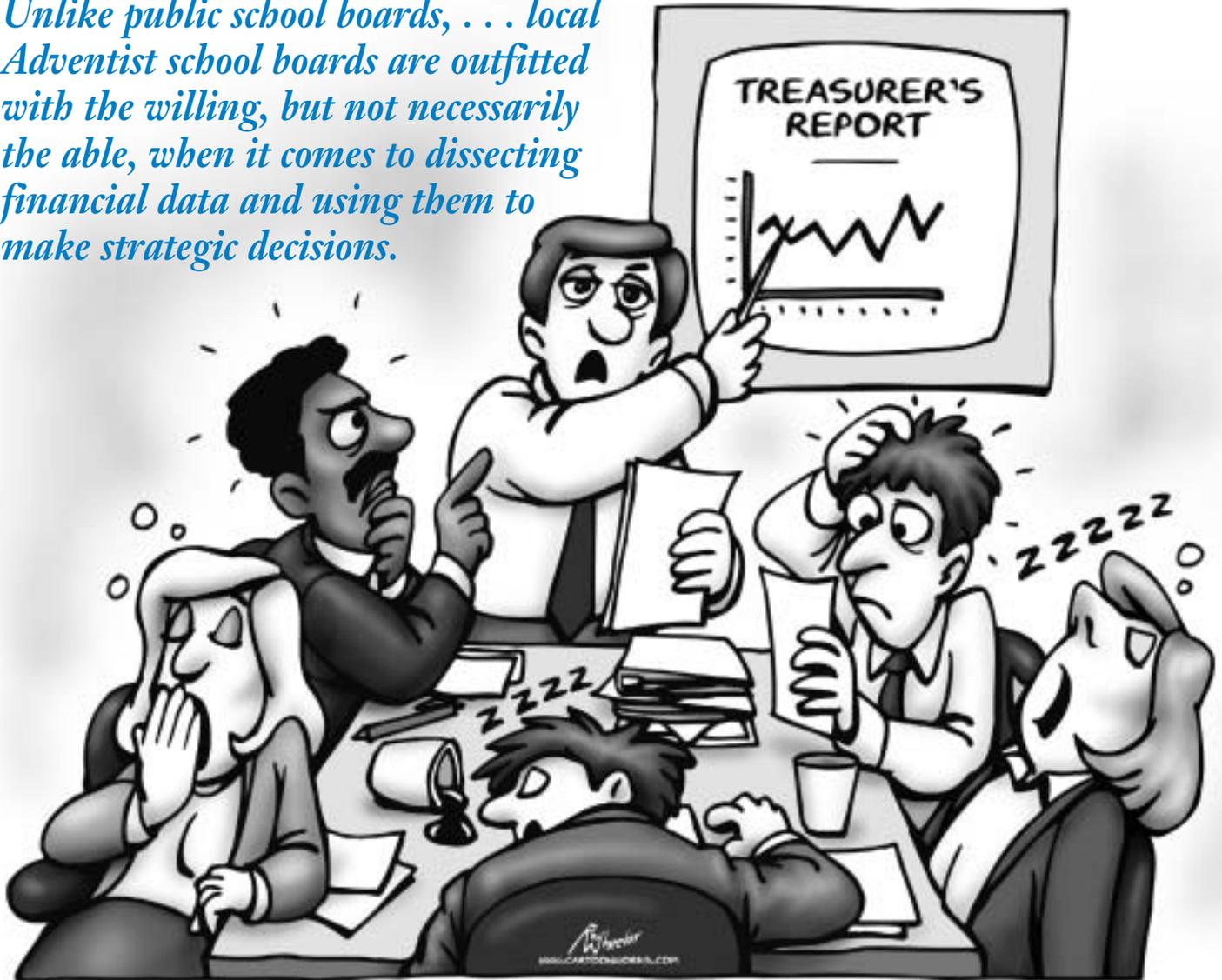
It was late May, the school year was drawing to its close, and I was invited to sit in on the board meeting of one of the largest Adventist schools in the North American Division. As the treasurer concluded his report, he assured the board that the school was poised to meet all of its financial obligations during the upcoming "dry" summer months. Within minutes, a motion was seconded, all in favor said "aye," none opposed, and the motion was carried to accept the financial statements as presented, subject to audit.

By Dave C. Lawrence

Sound familiar? I flipped past the cover sheet provided by the treasurer to simplify the report for board members and zoomed in on the first few lines of the statement (balance sheet). It didn't take long for me to realize that the school had only enough cash in the bank for the next payroll.

What was wrong with this picture? Was the board too trusting? Was the treasurer deceiving them? Did the board even care that the information was wrong? Since I was an invited guest, out of professional courtesy, I delayed making my observations known until after the meeting. I drove home that night pondering many things, including: Why didn't the board ask the right questions?

Unlike public school boards, . . . local Adventist school boards are outfitted with the willing, but not necessarily the able, when it comes to dissecting financial data and using them to make strategic decisions.



What Are the Right Questions to Ask?

So, what are the right questions for a board to ask the treasurer or business manager? It is quite disheartening to realize how easy it is for a school treasurer to deliver half-truths in a blizzard of financial babble! I am equally disheartened by the failure of boards to ask pertinent questions. I have heard it said that figures do not lie, but liars do figure!

My objective here is not to suggest that a treasurer should be second-guessed on every point in a report. It benefits no one for our schools to have a strained relationship between the accounting office and the boardroom. However, if the board is to make informed decisions based on

the financial information it receives from the treasurer, it has a fiduciary responsibility to require that the reports be certified and comprehensible. During the time allotted for the treasurer's report at board meetings, the members should ask some basic and practical questions, and get an adequate response from the treasurer.

How Does the Financial Report Relate to the School's Vision?

One of a board's primary responsibilities is to establish and maintain "an organizational structure that supports the vision" of the school, which includes a concern for budget priorities.⁴ The board should periodically ask the administration to demonstrate how income and expenditures relate

to the vision of the school. For example, the administration might have chosen to focus on professional growth this year. The treasurer should report on the success or failure of that endeavor at intervals throughout the year.

A school cannot expect to grow unless it has a well-conceived mission and focuses intentionally on achieving carefully crafted goals. If the school's overall strategy fails to drive its financial goals, then all the efforts at planning and spending will accomplish very little.

What Do Financial Statements Tell Us?

Financial statements sometimes receive only a cursory inspection by

What are the right questions for a board to ask the treasurer or business manager?

board members, who fear that they will never be able to understand them. Boards do not have the luxury of ignoring the financial statements or “letting the treasurer worry about it.” The confusion about statements and the failure to use them effectively can be cured if the board gets some very basic hints about their purpose and content. Following is a listing of the more common types of financial statements and a brief overview of how to use them:

The Statement of Financial Position. This is the non-profit version of the balance sheet. It is a snapshot of the ongoing operation of the school. It can be likened to a picture of an airplane in flight. You cannot tell by looking at the photo whether the plane crashed upon landing! The efficacy of the statement of financial position changes immediately following the “snapshot.” It is just one frame of a constantly changing video.

The Statement of Changes in Net Assets. This is the income statement in non-profit parlance. Unlike the balance sheet, the income statement is cumulative. Referring back to the airplane analogy, the income statement tells how far the plane has traveled, how much fuel it has used, etc. In a simplistic way, it compares income and expenses and nets the two to arrive at a “bottom line.” But the bottom line is not what is most important. It is more important to understand how the bottom line was calculated than to understand the figure itself.

The Statement of Changes in Financial Position. This is often referred to simply as the cash flow statement. In some respects, this document is a proof statement, as it starts with net income and ends with cash. So, it “reconciles” the income statement to the cash balance. In addition, the cash flow statement summarizes the funds available and how the school has elected to use them. It tracks the source and application of funds.

The Statement of Working Capital and Liquidity. This is not one of the

required statements. It is useful, however, in informing board members about the school’s ability to meet current and future obligations without their having to make inordinate calculations. (Nobody takes a calculator to a board meeting, anyhow.) The statement represents cash available after all commitments have been fulfilled. This answers the question of whether the school can meet its current obligations as of the statement date.

Before looking at the statements, it is also useful to know the accounting basis used by the treasurer: *cash* versus *accrual*. On a cash basis, income and expenses are recorded only when they are received or paid. The accrual method enters all income and expenses at the time they are incurred. Either system can work, as long as the board members are informed about the method being used, and the treasurer does not conveniently flip-flop from one system to the other. However, the North American Division *Accounting Manual*¹ for academies regards the accrual basis of accounting as more reliable in representing the true financial health of an organization. For the remainder of this article, the accrual basis of accounting will be assumed as the norm.

The next important item is the period being covered by the statement. Most financial statements are dated as of the end of the month. Board members should ask for the date of the statement if it does not appear on the report. If the board attempts to make comparisons to the last fiscal year, conclusions could be skewed if the same number of days are not used to calculate both figures.

Finally, the statements must be read in context, not as isolated snapshots. Context may include the sea-

son, unexpected one-time expenses, new management, or a change in the legal environment. There can be external influences on the financial statements that cannot be readily predicted even by a financial soothsayer.

In the next section, I will suggest several questions a board should ask as it examines the treasurer’s report. These are not necessarily the *most* important questions, as the financial position of the organization or its vision



may suggest otherwise. Remember, the questions are useless without the correct answers. The board must use the information to influence its decision-making about school finance.

Questions About Cash and Other Assets

It is no accident that *Cash* is the first item on every balance sheet. I once asked seminar attendees to raise their hands if their school had a mission. I then asked them to keep their hands raised if money was not a factor in the accomplishment of that mission. All hands went down. Cash is the common denominator of all business transactions, including educational ones. Cash is king. So, what questions should board members ask about cash and other assets?

- Have all bank statements been reconciled in a timely manner?
- What is the source of all cash

represented? The treasurer should organize the report according to the sources of the cash (e.g., subsidy, tuition, trust fund) and/or intended uses (e.g., reserves, restricted programs, operating expenses, allocated functions).

- How much of the total cash is available to pay current liabilities? Is it sufficient? (This information can also be gleaned from the statement of liquidity and working capital.)

- Is accounts receivable the net for credit balances, or is it a gross figure? Only the gross figure represents the true balance. A receivables aging schedule helps the board understand the effectiveness of the treasurer in collecting monies due the school.

I cannot overemphasize the importance of making sure that receivables get converted to cash in the shortest time possible. No one, including parents, should feel that they have permission to owe money to the school for an extended period of time. It is irresponsible for the school's administration to extend "credit" at the risk of having the school succumb to a cash crisis.

Questions About Liabilities

Liabilities may be either long-term or current. Current liabilities are due and payable within the next 12 months. For purposes of this discussion, I will focus on current liabilities. Generally, there are five major items in the current liabilities section of the balance sheet for most schools: notes payable, accounts payable, trust funds, accrued taxes and expenses, and the current portion of long-term debts. By their very nature, monies owed by the school change daily as new bills arrive and old ones are paid.

Following are very simplistic explanations of each liability item. *Notes payable* are generally loans owed to a bank but could also be money owed to a church or the conference office. *Accounts payable* are the funds due to various vendors for products or services they provided or performed on behalf of the school. *Trust funds* can



comprise a significant portion of a school's balance sheet; they are money that the school holds in trust for subsidiary groups such as the home and school association or the senior class. *Accrued expenses* are statements of anticipated expenses: the taxes that come due three days after the statement date, for example. The *current portion of long-term debt* is exactly what the name implies; it is the principal on long-term obligations that will come due in the next 12 months.

In evaluating liabilities, asking the following questions should yield significant information:

- Does the school have enough cash to pay all its current bills?
- Are all outstanding bills represented accurately in accounts payable? What is the average age of each account owed? A schedule of aging can help answer this question.
- Does the school write checks and then wait days before mailing them?
- If there was a "run" on trust accounts today, would it be possible to make all funds available to the different groups?

Here are two quick litmus tests anyone can run using current assets and current liabilities. Take the total of all current assets and reduce that figure by the total of all current liabilities. The result is called *working capital*. A positive number is good news; a negative one is bad news. The current ratio is computed by dividing the cur-

rent assets by the current liabilities. If the result is less than one, there is a problem; if the result is greater than one, you can breathe easy.

Questions About Income and Expense

The income statement is probably the board's most important financial document because it indicates the school's health for a particular period. If cash is king, as I suggested earlier, then the income statement is the kingdom.

No matter what the statement is called, it is always constructed in the same way: revenue minus expense equals profit. Board members should study this document quickly. In order to understand the income statement, board members need to know the accounting basis on which it was constructed: cash versus accrual. The accrual basis is preferred, for reasons stated earlier. Once the basis is confirmed, relevant questions can be asked:

- How much of the income reported has been converted to cash this month?
- Does total income also include income that has been reported for accounting purposes only?
- Do total expenses also include "paper expenses" such as depreciation and accrued expenses?
- Are there any one-time expenses? (Cost of converting storage space into a computer lab, for instance.) Are there any extraordinary expenses? (Costs incurred due to a loss in a legal proceeding, for example.)

In assessing the net income figure, it is important to recognize that net income will almost never equal cash. For example, the treasurer records tuition income at the beginning of a month, but it might take 45 or more days to collect on that billing. Likewise, an expense might be recorded before the payment is sent to a vendor. So, like the other statements, the income statement must not be reviewed in isolation.

The income statement is probably the board's most important financial document because it indicates the school's health for a particular period.

The Statement of Cash Flows

Prior to 1988, the accounting community did not report cash flow as it does today. In 1994, a statement of cash flows was generally required by all non-profit organizations, including schools. The benefits of this statement are profound enough to warrant a welcome party from all who review school financial statements. The statement of cash flows monitors transactions that change the amount of cash available to the school. Not all business transactions change cash or working capital. When students' accounts are billed at the beginning of each month, for example, that transaction does not affect the cash balance. If, however, payments were received for those billings before the closing date of the financial statements, there would be an adjustment to cash.

Now for questions relating to the statement of cash flows:

- How is the total outflow of cash broken down between operating expenses, trust funds, and other liabilities?
- How much of the school's available cash is being used to service debts?

It has been my experience that many school treasurers deliberately downplay the importance of the statement of cash flows. And many boards do not seem to mind. However, this statement is arguably the most important component of the financial statements, and boards should request one if the treasurer has not provided this information. The primary purpose of the statement of cash flows is to represent the changes in cash balance from period to period, which is valuable information for board members.

A Word on Budgets

Financial statements have relevance only within the context of the budget. It follows, then, that the budget must be given utmost priority. In Luke 14:28, the Lord asks, "Suppose one of you wants to build a tower. Will he not first sit down and esti-

mate the cost to see if he has enough money to complete it?" (NIV).⁶ The budget is the road map for achieving the financial goals of the school, and as such, must be consulted on a regular basis.

Be sure that the budget implies an agenda for profitability. Even more than other organizations, non-profits need to be profitable. This enables them to attain their mission. The "non-profit" title merely describes the tax status and is not a description of the school's cash flow. The budget must ensure a profitable operation, which requires effective control throughout the year. A school needs a well-conceived fiscal strategy and a supporting budget to thrive, yet many schools ignore the budget due to expediency or what they incorrectly label "faith." The Lord supports responsible planning, and a well-constructed budget gives evidence of planning.

The budget has to be more reliable than the weather forecast. This suggests that there should be many updates along the way. Therefore, the original budget must allow for flexibility and tests at levels above and below budget norms. This aids the decision-making process when the financial picture varies widely from what was budgeted. The board might determine, for example, that a 10 percent drop in enrollment would require a reduction in staff. If the reduction occurs, then the decision was already made.

A vital but often ignored tool is the cash budget. The outflow and in-

flow of cash never occur simultaneously. The cash budget is a very carefully determined estimate of the monthly or weekly schedule of cash inflow and outflow for the year. It allows the treasurer to invest excess cash when it is not needed and make sure it is available when needed.

In Conclusion

Board members are responsible for the financial operation of the school. Despite being non-profit institutions, Adventist schools should operate profitably. An organization that merely accumulates excess cash in order to boast about its inflated value is not a profitable operation. The motive for operating profitably should be to attain the school's mission. Profit allows the school its best chance of attaining and expanding its goals. Profits may also be used to replace or repair a worn-out plant and equipment, to create student scholarships, fund operating reserves, invest in service and outreach projects, and invest in the professional development of faculty, staff, and administration. ✍



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6. Quoted from the *Holy Bible, New International Version*, copyright © 1973, 1978, International Bible Society. Used by permission of Zondervan Bible Publishers.

Legal Responsibilities of School Board Members

Adventism is blessed with a group of dedicated lay people who devote their time and skill to the task of governing church schools. This article will provide an overview of the primary legal responsibilities of a school board and its members. Although these are crucial issues, they must not be allowed to overshadow the mission of the institution. School boards and members should be sure to devote adequate time and attention to the most important issues of all, the spiritual and academic development of the students.

Avoiding conflict of interest means that the board member's personal interest must not prevent him or her from acting in the best interest of the school.

Conflict of Interest

Each year, board members should be required to sign a form disclosing any potential conflicts of interest. Avoiding conflict of interest means that the board member's personal interest must not prevent him or her from acting in the best interest of the school. If the board is considering a business transaction with a member, care should be taken to investigate the details and scope of the transaction as well as the member's involvement. Other alternatives should be explored. The transaction may be legal and ethical if all possible conflicts of interest are explored, and the results are in the best interest of the school.

For example: *A board member runs a local office supply store and sells copier paper to the school. The member should disclose this to the board and refrain from voting on any motion relating to the purchase of paper. Someone else should report on other possible suppliers and a comparison of prices. The board may validly purchase from the board member if the price is competitive, and if the transaction is in the best interest of the school. The board's minutes should reflect the details of this process.*

Serious and continuing conflicts of interest may make board membership unethical or illegal. School employees, except the principal and business manager, generally are not voting members of the school board for this reason. A thorny problem is the issue of board members whose relatives are employed by the school. Ideally, no immediate relative of an employee should serve as a board member. However, in small communities, many people are related, making it difficult to find qualified board members who are not related to a school employee. In that case, at minimum, the relationship must be revealed to the board, and the member must refrain from voting on any action that directly affects his or her relative,

By Charles L. McKinstry

such as a job recommendation or vote on termination of the relative's employment.

Protection of Students

Board members must take an active role in ensuring the protection of students. This includes adequate supervision, maintaining a safe plant, having a current disaster plan, and protecting students from sexual misconduct.

Supervision

Parents entrust the physical and emotional welfare of their children to the school. Board members should ensure that the teachers and principal provide appropriate supervision. Students must be supervised for a reasonable period before and after school. Even while school is not in session, if children are allowed to be on campus, a jury might hold the administration responsible for providing adequate supervision. During the school day, students must be supervised continuously. Some activities, such as those with known dangers (sports, science laboratories, wood-

Board members must take an active role in ensuring the protection of students.

working, or auto repair classes) require more intense supervision. Schools have a legal duty to provide a higher level of supervision for students with known aggressive tendencies. School-sponsored field trips and off-site activities also require supervision by school personnel who are capable of providing for the safety of the students.

Providing adequate supervision can be a critical concern in small schools with no office staff. While a school is not automatically liable for every injury that occurs, it may be held responsible if the level of supervision is judged to be negligent. In small schools, teachers may have little if any adult help. In order to keep students safe and avoid liability, the school board should arrange for supervision by a competent adult (1) to allow the teacher a daily break, and (2) to cover emergency situations.

Simply leaving the students unattended is unsafe and legally risky.

Example: The principal hires a mother to supervise lunch and afternoon recess for grades 1-4. The supervisor must have adequate skills and judgment for dealing with children. She must be physically capable of performing the necessary tasks and have had training in emergency procedures. The number of children she is asked to supervise must be reasonable, considering the physical characteristics of the playground. The supervisor must be able to see all of the children from one position. The activities in which the children are engaged affect the level of supervision required.

Board members should pay careful attention to the issue of adequate supervision. On a regular basis, the board should ask the principal to review the daily supervision of the students. The board needs to ensure that funds are designated to pay for adequate supervision.

Safe Plant

Landowners are legally required to inspect their property for dangerous conditions. Each school should

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School boards have a legal and moral responsibility to protect employees from unfair practices, harassment, and discrimination.

have a safety committee that meets on a regular basis and keeps minutes of meetings. In small schools, the board may function in this capacity. The committee should oversee safety inspections, make decisions about corrections, and follow up to make sure the recommendations are implemented. The board should receive reports from the safety committee. In addition, board members should be personally attentive to unsafe physical conditions, calling them to the attention of the appropriate personnel. The board must provide adequate financial resources to create and maintain a safe plant.

Common problems in this area include playground safety issues such as protection under climbing devices, the condition of swings, open holes, and uneven surfaces. Sidewalks should be smooth and in good repair. Traffic patterns in driveways and parking lots should not put children at risk. If the school is on a busy street, crossing guards should escort children across nearby intersections.

Disaster Plan

Every school must have a current disaster plan. The plan must be more than a paper document. Adequate supplies and training are necessary to ensure that the plan is implemented effectively. The plan should deal with physical disasters (tornadoes, hurricanes, explosions, fires, chemical spills) as well as criminal acts. The board members should regularly review the school's disaster plan, which should be updated each year.

Sexual Harassment and Assault

Protection of students from sexual assault is a very important duty of the school. Board members should oversee the school's compliance with local and national laws relating to mandatory reporting of child abuse and employee criminal record checks. Protection of students begins with the checking of applications and references for prospective employees. The personnel committee should make

sure that the administrator doing the reference checks asks whether the applicant has ever been accused of sexual misconduct with a minor or has a criminal record of any kind. Simply contacting people whose names are provided as references is inadequate. The administrator should check with each supervisor for the past 10 years.

Ensuring ongoing supervision and putting student well being ahead of competing concerns is critical to creating an environment where students will be willing to come forward if improper actions occur.

Each school should also have a written policy dealing with student-to-student sexual harassment. Emphasis should be given to prevention, including age-appropriate training for students. Penalties for infractions should be voted by the board. School officials should intervene to discipline

the offender and protect the victims of harassment.

Protection of Employees

School boards have a legal and moral responsibility to protect employees from unfair practices, harassment, and discrimination. Board actions affecting employment are serious matters that require dispa-

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sionate, careful decision-making. Board members must review carefully the governing provisions of the union education code. These are often included in the employment contract. Even if a written contract is not used, board members can expect the courts to require board actions to comply with the provisions of the union education code.

The following basic elements of due process should be followed in any action adversely affecting employment status.

- **Notice.** The employee should be told what action is being considered and the basis for the action.

- **Access to Evidence.** Prior to the hearing, the employee should have access to relevant evidence, including items in his or her personnel file.

- **Hearing.** At the employee's

written request, a hearing should be held to consider the relevant issues relating to the proposed action. The hearing body is the school board or personnel committee. The meeting is closed and is generally chaired by the conference superintendent. The employee should be allowed to be present and to hear the information concerning his or her employment, to ask questions, and to present his or her side *before* a decision is reached. Un-

The [board] should oversee safety inspections, make decisions about corrections, and follow up to make sure the recommendations are implemented.

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less specific permission is granted, the employee is not allowed to bring an attorney. The employee may present evidence on his or her behalf, including asking a witness to speak who has specific knowledge of the events in question. After the hearing, the employee is dismissed from the room and the board or committee deliberates and decides. After the employee leaves, *no new evidence should be introduced*. Board members must respect the confidential nature of the hearing and not discuss the evidence or deliberations outside of the hearing.

- *Appeal*. If the vote is for termination, the employee should be given an opportunity to appeal to the conference board of education.

- *No Reprisal*. The employee should be assured that no reprisals will be allowed against him or her for exercising these rights.

Board discussions and decisions should be based on solid, factual information, and should avoid innuendo and emotional manipulation. If a termination is being considered, prior written evaluations should normally indicate the problem, as well as any actions taken to correct it.

Personnel decisions should always occur in closed session, with only board members allowed to be present. The hearing, if requested, must be conducted prior to a vote to terminate the employee. It weakens the due process protections for a board to recommend the termination of an employee and later, as an afterthought, to offer the employee a hearing.

The conference representative should be present any time a school board plans a vote that affects the status of an employee (teacher or admin-

istrator). These protections should be provided to persons employed locally as well as those employed by the conference. Hearings are generally not required for part-time employees.

The conference representative will guide the process and ensure that the union code is followed. Generally, the conference superintendent chairs such hearings. The vote of the board constitutes only a *recommendation* to the conference board of education. In many unions, the employee has the right of appeal to the conference board of education. One of the surest ways for a school board to lose such an appeal is failure to follow the union education code.

In addition to providing procedural protections to employees regarding adverse employment decisions, the board should also protect employees from unlawful discrimination based on their membership in protected categories such as age, race, and disability. Employment applications, personnel committee, and board discussions should exclude reference to even innocent information in these areas. The board should be guided by a person or persons trained in these areas. This may be the representative from the office of education, the principal, or a lay board member with legal experience and training.

A recent United States Supreme Court case makes a printed policy and employee training important factors in avoiding liability for sexual harassment claims. Contact your conference office of education for a model policy. The policy should be distributed to each employee. Board members should ask the principal to report on progress in this area. If the actions are inadequate, the board should ensure that this is remedied immediately.

Protecting the School's Finances

Board members have a fiduciary responsibility for the funds of the school. As such, they are required by law to act more carefully than they would with their own funds. Board

members have a responsibility to learn how to read the school's financial statement. They should question the principal and/or business manager carefully in order to ensure that all aspects of the finances are clearly explained. Members should be alert to detect inaccurate financial statements. Problem areas often include assets that are not listed on the financial statement, such as a reserve fund; and unpaid bills that do not appear as an account payable on the statement. Delinquent student accounts are a common and potentially serious problem, since most schools depend heavily on tuition income for their working capital. The board should adopt a written policy about collection, review accounts receivable regularly, and ensure that the policy is followed.

Board members should watch for evidence of misappropriation of funds. Warning signs include cash-flow problems when the operating statement looks strong, over-protectiveness about information by the business manager or principal, and a personal lifestyle inconsistent with income. Personal financial setbacks are sometimes the catalyst for misappropriation.

Insurance

The church provides numerous protections to its institutions in the form of property, liability, and errors-and-omissions insurance. In most cases, individual board members who are named in a lawsuit will not be held personally liable. The conference and school will indemnify the board member. To make sure that all board members understand what is required of them in this area, information on these topics should be included in the board handbook and discussed at in-service meetings.

It is wise to have a specific clause in the school constitution as well as the union education code specifically providing legal protection to board members. Generally, insurance is obtained for your school through an

agreement between the conference and Adventist Risk Management. If you have questions about your coverage or do not currently have such insurance, talk to your conference insurance department or contact Adventist Risk Management.

Confidentiality and Defamation

School board meetings are generally open to parents of students and members of the constituency. An exception is when the board conducts an employment or discipline hearing. At those times, the board should go

ing open meetings, the board should exercise care to avoid discussing matters that affect the privacy rights of students, parents, and employees.

This protection does not cover parking lot conversations or repeating private information to others. Board members are ethically obliged to honor the confidentiality of the closed board meeting. Violation of this rule can result in personal as well as institutional liability. During open meetings, the board should exercise care to avoid discussing matters that affect the privacy rights of students,

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into closed session. All non-voting members and employees should be excused except the principal. Generally, communications in a closed hearing are considered an exception to the general rules about invasion of privacy or defamation. The information presented and discussed cannot be the basis for a judgment for invasion of privacy or defamation as long as the information shared is not knowingly false or malicious. This protection does not cover board members' disclosure of private information to others. Board members are ethically obliged to honor the confidentiality of the closed board meeting. Violation of this rule can result in personal as well as institutional liability. Dur-

parents, and employees.

Board members should exercise discretion in discussing any matter before the board. Even though a subject is discussed in open meeting, it may be harmful for board members to talk about it with others. The board should also respect the request of the chairperson or principal to defer public discussion of a particular agenda item until adequate research and documentation can be obtained.

Getting Help

Feeling overwhelmed? Help is available. You may have in your community or on your board an attorney experienced in at least some of the issues raised here who can assist with

Every school must have a current disaster plan.

decision-making. However, board members need to be knowledgeable about the union education code and local and national laws relating to the operation of the school. The conference or union office of education can help school boards deal with education code problems and provide model school policies. Some unions

ble. Your state department of education likely has a summary of what laws apply to private schools. In countries outside the U.S., consult your regional or national education

discussed also are relevant for college or university boards, not all of the advice is applicable.

Though student supervision issues are less complex in a college setting, they still exist. Since students over 18 are considered adults in some jurisdictions, privacy laws may prevent parents from assuming the active role they take in K-12 student discipline and academic issues.

Due process protections for employees and students should be in place at all levels—kindergarten through university. Tertiary boards should hire legal counsel to provide guidance on a regular basis.

This article has provided an overview of several important areas. Running a school, even a small one, is a complex undertaking. Those who have accepted a position as a board member owe a duty to the school and to the church to act as knowledgeable, committed, impartial decision makers. An intelligent understanding of one's responsibilities as a board member is essential. Legal requirements change, requiring periodic updating of policy and practice.

While this article is written from a legal perspective, the duty to keep students safe and protect students and teachers from unfair actions is more than just a legal requirement. As a church, we have a duty to apply the principles of the kingdom in the way we run our schools. Our motivation should not be technical compliance or self-protection but seeking what is best for each student, teacher, and employee, and for the constituency. We teach our students a lot about our church by how we run our schools. ✍

Picture Removed

distribute a school board member handbook. Very likely the conference education superintendent has dealt with a problem such as yours before. He or she may recommend an attorney knowledgeable in local law and Adventist policies. Adventist Risk Management is another good source for insurance advice and preventative policies.

In the U.S., there are several nationwide organizations and periodicals that specialize in school law, such as the Education Law Association. While these can be helpful, most school law will be specific to your state. Further, not all the provisions in the state education code apply to private schools. In fact, in some places hardly any of them are applica-

official to determine what laws apply to private schools.

Summary

A board member has authority only when the board is in session. Individual board members do not have authority to act on behalf of the board outside of meetings unless the board has provided express authorization for such action. Board members are not authorized to individually evaluate the employees of the school or carry out actions voted by the board. Nor do they speak for the board.

This article is written specifically to guide the boards of Seventh-day Adventist elementary schools and academies. While several of the issues



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Help Wanted: College and University Trustees

College and university trustees are a vital link in the governance process of Seventh-day Adventist higher education. They make decisions that directly affect the day-to-day operation of the campus and, perhaps more importantly, help to set future institutional directions.

Trustee Role Changes

Historically, many college or university governing board (trustee) positions were occupied in virtual anonymity, did not “require much heavy lifting,” and were more honorary than substantive.¹ Things are different today. Trustees are now expected to contribute expertise—on a wide range of topics—to institutional deliberations. They are also asked to function as both advocates and ambassadors for their school. Contemporary trusteeship is a high-energy activity that requires engaged, enthusiastic participants.

Authors Edward Kazemek and Michael Peregrine recently speculated about how to recruit the principle-centered individual who would be an effective non-profit-sector trustee by posting the following *Help Wanted* advertisement:

“Looking for someone willing to assume a position of tremendous responsibility overseeing an organization in one of the most complex industries in America. Significant time demands preparing for and participating in numerous board and committee meetings. Ongoing education on multiple subjects required, including attendance at weekend retreats. Subject to intense scrutiny by the public . . . and, possibly, the state. . . . Little to no pay. Advancement opportunities comprise becoming a board officer and doing more of the same.”²

While this tongue-in-cheek synopsis of expectations emphasizes the demands rather than the rewards of board service, it underscores the vigorous nature of college and university trusteeship in the 21st century. The “constant vigil” required to identify trustee candidates is necessary, not just to create a pool of the willing, but also to develop criteria for identifying and selecting those who are best qualified for this unique type of voluntary endeavor.³

Historically, many college or university governing board (trustee) positions were occupied in virtual anonymity, did not “require much heavy lifting,” and were more honorary than substantive.

By W. G. Nelson

Trustee Candidate Qualifications

So, what talents, experience, and/or personal characteristics predict success for future trustees? Should they have had prior association with some form of educational endeavor? Does successful business or entrepreneurial experience correlate well? Is the best forecaster of effectiveness the

candidate's willingness to write large checks and to be an enthusiastic booster?

Some observers of higher education believe that the most valuable legacy of college or university trustees is to make decisions and vote actions "that enhance the long-term quality, vitality, and stability of the institution."⁴ This suggests that it is less important for effective trustees to share similar personality traits and experiences than for them to understand how to assist in institutional visioning, planning, implementation, and assessment. "The best boards add the most value—usually through five interrelated approaches," which include (1) helping senior management determine what matters most; (2) creating opportunities for the president to

These wide variations in educational governance suggest that the precise trustee needs of each institution will vary. In the final analysis, this probably means that the selection of trustees will, of necessity, continue to be more of an art than a science.

think aloud; (3) encouraging experimentation; (4) monitoring progress and performance; and (5) modeling desired behaviors.⁵

A survey of private college trustees asked which five activities they considered most important. The answer: "concern for [the] long-range plan, support for the president, attention to budget details, making institutional policy, and soliciting donors."⁶ The best trustees, then, are those who can help to establish a creative and reflective board culture that nurtures the types of activities that are essential to the long-term strength of the institution.

I remember attempting to recruit a capable businesswoman to sit on a college board. She was successful in her field and appeared to have much



Kettering College of Medical Arts (KCMA) trustees (left) Jack Fritzsche and (right) Fred Manchur, along with college President Charles Scriven (center), listen intently at a recent board meeting.



In April 2004, several trustees from Walla Walla College (WWC), College Place, Washington, and WWC religion teacher Keith Bramlett (right) tour the newly renovated office area temporarily housing the School of Theology and archaeology lab.



Amabel Tsao, Pacific Union College (PUC) board member, receives thanks from the PUC Student Association (SA) for her donation of nearly \$20,000 to help renovate the campus center. With her are several of the 2002-2003 SA officers.

What talents, experience, and/or personal characteristics predict success for future trustees?

to offer as a trustee. She graciously thanked me for the honor of being considered for the position but declined, my protests notwithstanding, stating that she knew “little about the current college curriculum.” Her feeling of inadequacy in this area is not unique. Potential trustees often think that their lack of academic expertise is a debilitating handicap. But evidence seems to indicate that this is more a problem of perception than reality. In one recent study, private college and university trustees listed the inability to provide academic leadership as one of the five least important trustee roles, the others being “interpreting government policy, providing direct institutional management, lobbying the government, [and] cultivating politicians.”⁷

One additional qualification should be a requirement of all trustee

candidates at Seventh-day Adventist colleges and universities. Recent surveys have shown that trustees of effective boards understand their institution's mission. They "rely on it as the essential context for major decisions."⁸ Trustees of Adventist institutions should have a clear understanding and commitment to the spiritual values and heritage of the church. These traditions serve "as a touchstone and litmus test" for all program decisions.⁹

Trustee Contributions

Emphasis on board trustees' decision-making skills and commitment to the values of the church does not imply that knowledge, general or specific, is unimportant to successful trusteeship in higher education. In fact, some prior knowledge is key to effective board participation. Trustees need to be knowledgeable about three

Some observers of higher education believe that the most valuable legacy of college or university trustees is to make decisions "that enhance the long-term quality, vitality, and stability of the institution."

areas in order to function effectively: the higher education culture, the politics within their specific institution, and the differences between the ad-

ministration of higher education and that of the business organization.¹⁰ Candidates' knowledge can be easily ascertained through reference checks and interviews.

Another key factor in trustee effectiveness relates to the individual's contributions to the welfare of the institution. One of my administrative colleagues suggests that these contributions fall into four categories: time, talent, influence, and/or means. Regrettably, major attention today is being given to the trustee's ability to contribute financially. The need to grow institutional endowments has made it more urgent for trustees to participate in college and university fund-raising efforts and to lead by example in this area by making significant institutional bequests.

This must not rank as the sole qualification for potential board members, however. There is still am-



Oakwood College President Delbert Baker (far left) and Calvin Rock, board chair (far right), cut the ribbon at the opening of the college industries building, as the trustees look on.

ple room for trustees who contribute their talent, expertise, or influence.¹¹

Trustee contributions can be classified as direct or indirect. Trustees contribute indirectly by using their influence outside of the institution, either with the public or with politicians. The importance of this contribution, which is based on the trustee's good reputation, cannot be underestimated.

Direct contributions, on the other hand, include the trustees' "level of visibility within the campus, . . . resources personally contributed, and . . . resources attracted to the institution."¹² Trustees who participate in campus events such as commencement and honors convocation make a powerful symbolic statement through their presence. Those who serve on planning committees, attend on- and off-campus constituent meetings, and act as external campus representatives are actively promoting the goals of

Contemporary trusteeship is a high-energy activity that requires engaged, enthusiastic participants.

the university. Such contributions are vital, as are personal contacts on behalf of the college or university that may produce financial support from various individuals and organizations.¹³

Conclusions

Academic governance processes and trustee responsibilities have been described as "remarkable in ambiguity" by both critics and defenders of higher education in the United States.¹⁴ No two colleges or universities use exactly the same methodologies. Each has its own constituency

and institutional culture. These wide variations in educational governance suggest that the precise trustee needs of each institution will vary. In the final analysis, this probably means that the selection of trustees will, of necessity, continue to be more of an art than a science. For Seventh-day Adventist colleges and universities, this means that, while we must exert our best efforts, using reason and research, to achieve excellence in institutional governance and trustee selection, we will always need to pray for the Lord's guidance to achieve these goals. ☞



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For college board members to work together successfully, they need to feel comfortable interacting with one another. Too often, lay members of the board are socially marginalized and therefore reluctant to discuss differences or strategies outside of meetings. Building social capital among board members is as important as building material resources. Above, several Kettering College of Medical Arts trustees take a few minutes after the board meeting to discuss their shared concerns.

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A Look at the Board of One Adventist University

What are the responsibilities of a Seventh-day Adventist college or university board of trustees? How do they do their work? Each Seventh-day Adventist university/college board of trustees is similar in some respects and different in others.

Similarities

The board of La Sierra University (LSU) in Riverside, California, is similar to those of other Adventist institutions of higher education that are sponsored by union conferences. The union president is our board chair, the members are broadly representative of the conferences in our “territory,” and we try to get trustees who contribute at least two of the following w’s (and hopefully all three): *wisdom, work, and wealth*.

Much of the actual work of the board is done in subcommittees for which the university vice-presidents serve as secretary. These subcommittees include the:

- *Academic Programs and Personnel Committee* (processes all new or modified academic programs, all personnel items, and anything that deals with academics at the university);
- *Finance, Budget, and Audit Committee* (deals with university finances);
- *Development and Membership Committee* (processes all fund-raising initiatives and looks after membership issues relating to the board itself);
- *Student Life Committee* (watches over the co-curricular aspects of the university's programs such as residence hall issues, the student association, clubs, student services, the spiritual life of the campus, etc.); and
- *Recruitment and Retention Committee* (which looks for ways to attract and retain students).

By Lawrence T. Geraty

Other committees, such as the Investment Committee, the Land Development Committee, and the Buildings and Grounds Committee, include trustees in their membership, though they are not strictly trustee committees.

Differences

La Sierra University's board is also different in some respects from other Adventist college and university boards:

Each college/university must carefully think through who will hold the unique responsibility of trusteeship and how it will be exercised.

Much of the actual work of the board is done in subcommittees for which the university vice-presidents serve as secretary.

1. Our constituency meets every other year on our campus (in alternating years, the constituency meets at Pacific Union College in Angwin, California, the other higher education institution sponsored by our union conference). This has the advantage of bringing the union executive committee members plus certain alumni onto campus, where they can concentrate on university business uninterrupted by the politics of a union conference session, and where they can see and “feel” the institution’s progress for themselves.

2. Our bylaws require all 23 trustees to be Christians and 22 of them to be Seventh-day Adventists.

Our first trustee not of our faith was Art Pick, president of the Greater Riverside Chambers of Commerce. He served the school extremely well because he saw himself as an ambassador for LSU. At least three times a day in his meetings downtown, he mentioned LSU in a favorable light! Having wandered away from his earlier faith, he became very close to his Adventist colleagues on the board. He asked me to preside at his marriage, and his funeral was held at the LSU church, attended by several hundred friends and business associ-

ates, many of whom had never set foot in an Adventist church before.

After his death, some expressed concern about selecting another trustee not of our faith, lest it give the wrong signal to our constituency or possibly undermine the “Adventistness” of the institution. Nevertheless, the city’s “Citizen of the Year,” long-time businessman and philanthropist Henry Coil, has just been elected to our board.

LSU has recently named a 65-member Foundation Board whose directors represent our very supportive community. They include people such as the county manager, the Riverside mayor, the publisher of our local newspaper, a local judge, a recently retired county supervisor, a former state assemblyman, the president of the Chambers of Commerce,

and several leading business people.

Only a third of this group are Adventists. The Foundation Board serves in an advisory capacity, but its directors are increasingly involved in the university and are beginning to provide significant financial support as well. It is the chairman of this group who has just become our 23rd trustee.

Of the 22 trustees who must be Adventists, only nine are required to be denominationally employed by virtue of their office (five are union officers, three are conference presidents, and one is the university president). All the others are elected to staggered six-year terms. While they must be Adventists—and many are alumni—the majority of them cannot be employed by the Seventh-day Adventist Church. This gives the trustees a certain independence from being unduly influenced by denominational leadership or swayed by loyalty to other church institutions. In practice, of course, all trustees work together for the good of the university and to enhance its Adventist identity and mission.

3. Whenever the board meets, “Open Forum” time is set aside when anyone can address the board for up



La Sierra University (LSU) President Lawrence T. Geraty (left) and board chair Thomas Mostert at the March 18, 2004, LSU board of trustees meeting. Behind them in the board room are a few of the many biblical artifacts from the university’s collection. Dr. Geraty is holding up a CD given to the trustees by Elsie Chan, a retiring board member.



Officers of the university student association share students' concerns with the LSU trustees.

to three minutes on a topic of his or her choice. We have had students, faculty, and alumni take advantage of this opportunity. This plan undercuts the notion that the board is somehow shielded from the "truth" about campus issues.

4. Frequency of meetings is always an issue. Our bylaws call for the board to meet at least three times per year; with one meeting each academic quarter, plus an annual board retreat early in the school year. We have no executive committee, since all trustees wish to be involved in decision-making. While the chair of the board is always the union conference president, the vice chair is a layperson. They take turns chairing meetings of the trustees.

5. The board attempts to in-service itself on boardsmanship and professional development by devoting some time at each meeting to these issues. Often, a consultant is invited to speak on a specific issue confronting the board. Each year, the board holds a weekend retreat at which such issues are presented and discussed, often with the assistance of the Association of Governing Boards, an organization that produces useful



University President Lawrence T. Geraty thanks Elsie Chan for her service on the LSU board of trustees during the final meeting of her six-year term of membership.

booklets and videos for this purpose.

6. The work of the trustees is guided by the *LSU Trustee Handbook*, authored largely by trustee Jerry Wiley who, until his untimely death, was vice dean of the law school at the University of Southern California. A very useful document, it may be found

on the university's web site: <http://www.lasierra.edu/trusteehandbook>. This handbook contains 10 chapters, each dealing with a different responsibility of a trustee:

I. How the Board of Trustees Functions (Governance, Policy, Administration, Reservation of Control,

Our bylaws require all 23 trustees to be Christians and 22 of them to be Seventh-day Adventists.

Delegation, Limitations, Interim Decisions, Board Committees);

II. Trustee Responsibility for Evaluation;

III. Trustee Responsibility for Development (General, Responsible Groups, Trustee Activities);

IV. Trustee Responsibility for Research Endeavors (Obligations, Directions, Control, Duty);

V. Trustee Responsibility for Financial Integrity (Authorization, Budget Preparation and Financial Administration, Investments, Information, Evaluation);

VI. Trustee Legal Rights and Re-



Richard Osborn, president of the Pacific Union's sister college, Pacific Union College (PUC), updates the La Sierra University board of trustees on cooperative efforts between the two institutions.



Jim Wilson, LSU professor of biology and chair of the university's faculty senate, addresses the board of trustees.

LSU has recently named a 65-member Foundation Board whose directors represent our very supportive community.

sponsibilities (Basis, Rights and Responsibilities, Legal Standard of Duty, Indemnification, Limitations);

VII. Trustee Moral Responsibility (Support, Dissent, Confidentiality);

VIII. Trustee Relationships (The President, the Faculties and Academic Freedom, Communications With Faculty, the Constituency, the Church and the Community);

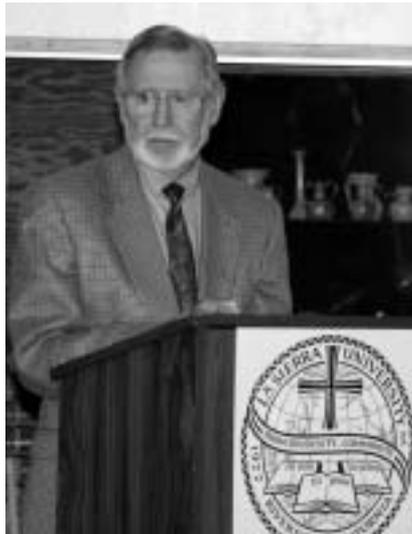
IX. Trustees' Additional Responsibilities (General, Demanding Nature, Remoteness and Dissimilarities, Special Effort, Trusteeship Not Administration, During Session, Attendance, Between Sessions); and

X. The Trustee Chairman's Relationship and Responsibilities (Interpreter, Spokesperson, Shared Effort, Counsel).

The handbook also contains a series of appendices such as: Articles of Incorporation, Bylaws, Mission Statement, Organizational Charts, Faculty Senate Constitution, Committees, Trustee List, Trustee Biographies, Conflict of Interest Statement, and Campus Address/Phone List, etc.

This document has helped our trustees to work together effectively as a group for the benefit and support of the institution and its mission.

Much of the ultimate success or failure of an institution of higher education lies with its board of trustees. This means that each college/university must carefully think through who will hold the unique responsibility of trusteeship and how it will be exercised. A quotation from Richard T. Ingram sums it up well: "The effectiveness of a board greatly depends on the structure of its organization and the conduct of its meetings. A pro-



Ted Benedict shares his perspectives on the university's future during the final meeting of his term on the LSU board of trustees.

ductive board is usually one that has periodically taken that time to thoughtfully sort out its duties, critically review its organizational structure and rules of procedure, and update its bylaws, policy or operations documents.

"Committee structure depends upon the board's size, the frequency of meetings, and the workload that can be placed on individual members. Periodic critical review should also determine, among other things, if a few persons in fact are making most of the board's decisions, if responsible minority opinions have the opportunity for full board consideration, and if communication between the campus community and the public is open."* If such considerations characterize all our denominational boards, they will surely serve the church and their institutions well. ✍

*Richard T. Ingram, *Handbook of College and University Trusteeship* (San Francisco: Jossey-Bass, 1980), pp. 434, 435.



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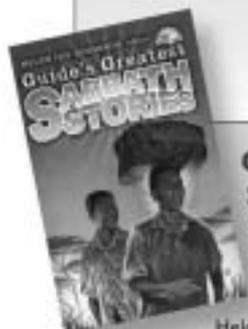
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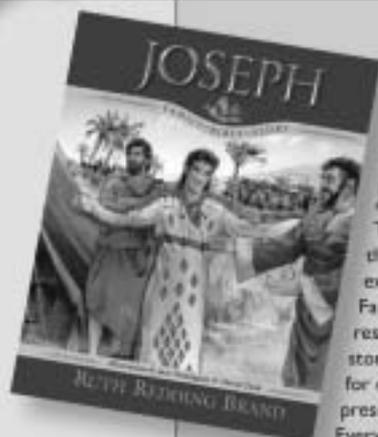
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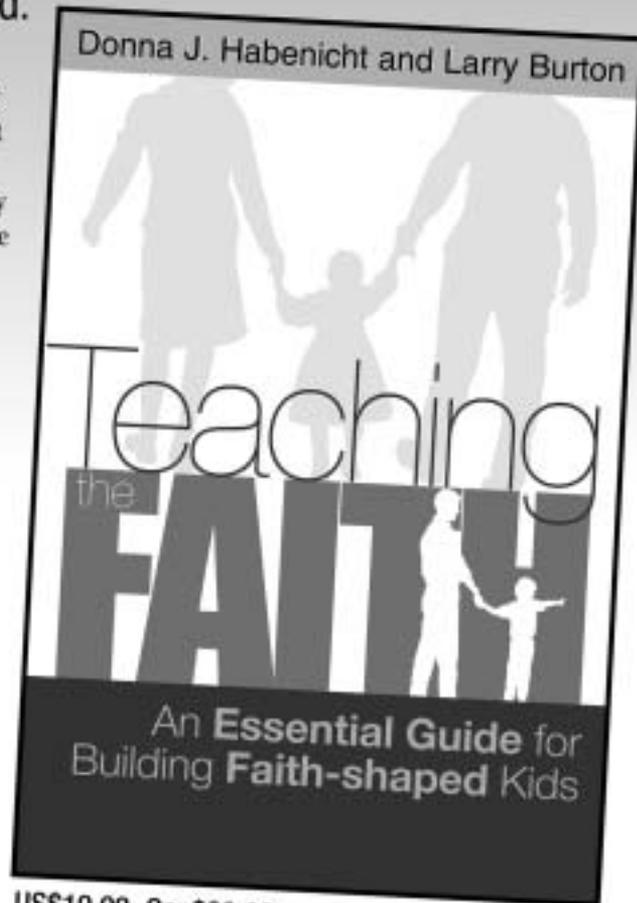
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