

Seventh-day Adventist

Church and Institutional Relationships

—what Boards need to know



"Governance Conversations"
Loma Linda University Health
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Objectives:

1. To comprehend prominent aspects of Church and Church-sponsored institution relationships.
2. To enrich understanding of how the Church and its institutions participate in a shared mission.
3. To enhance governing board performance in celebrating, preserving, and strengthening Church and Church-sponsored institutional relationships.

Seventh-day Adventist Institutions:

1. Education: Tertiary Inst./Worker		
Training Inst./Secondary Schools	2,868	
2. Food Industries	23	
3. Hospitals and Sanitariums	227	} 1,048
4. Clinics and Dispensaries	673	
5. Nursing Homes/Retirement Centers/ Orphanages/Children's Homes	148	
6. Media Centers	16	
7. Publishing Houses and Branches	60	
Total	4,016	
Institutional Employees	209,360	

—GC Annual Statistical Report 2020

Note:

The default reference in many of the following slides pertains primarily to healthcare entities. The principles enunciated are easily translated for appropriate application to other entities that fulfill unique roles in Seventh-day Adventist ecclesiastical and institutional life.

Facets of Church—Institution relationships:

1. Mission and methods
2. Identity
3. Structure
4. Governance
5. Property
6. Resources
7. Employees
8. Policies
9. Local church on institution campus

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Seventh-day Adventist Mission Statement

Our Mission—The mission of the Seventh-day Adventist Church is to call all people to become disciples of Jesus Christ, to proclaim the everlasting gospel embraced by the three angels' messages (Revelation 14:6-12), and to prepare the world for Christ's soon return. (Emphasis supplied) —GC *Working Policy*, A 05 05

<https://www.adventist.org/official-statements/mission-statement-of-the-seventh-day-adventist-church/>

Seventh-day Adventist Mission Methods

Our Method—Guided by the Bible and the Holy Spirit, Seventh-day Adventists pursue this mission through Christ-like living, communicating, disciplining, teaching, healing, and serving. (Emphasis supplied) —GC *Working Policy*, A 05 10

<https://www.adventist.org/official-statements/mission-statement-of-the-seventh-day-adventist-church/>

SDA Church Mission Implementation:

1. *Christ-like living...*
2. *Christ-like communication...*
3. *Christ-like discipling...*
4. ***Christ-like teaching***—Acknowledging that development of mind and character is essential to God's redemptive plan, we promote the growth of a mature understanding of and relationship to God, His Word, and the created universe.
5. *Christ-like healing...*
6. *Christ-like serving...*

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SDA Church Mission Implementation:

1. *Christ-like living...*
2. *Christ-like communication...*
3. *Christ-like discipling...*
4. *Christ-like teaching...*
5. ***Christ-like healing***—Affirming the biblical principles of the wellbeing of the whole person, we make healthful living and the healing of the sick a priority and through our ministry to the poor and oppressed, cooperate with the Creator in His compassionate work of restoration.
6. *Christ-like serving...*

<https://www.adventist.org/official-statements/mission-statement-of-the-seventh-day-adventist-church/>

SDA Church Mission Implementation:

1. *Christ-like living...*
2. *Christ-like communication...*
3. *Christ-like discipling...*
4. *Christ-like teaching...*
5. *Christ-like healing...*
6. ***Christ-like serving***—Following the example of Jesus we commit ourselves to humble service, ministering to individuals and populations most affected by poverty, tragedy, hopelessness, and disease.

<https://www.adventist.org/official-statements/mission-statement-of-the-seventh-day-adventist-church/>

Church and Institutional mission compared

Denominational/ecclesiastical mission and method:

- Local and global comprehensive spiritual renewal
- Focus on worship, discipleship, and proclamation
- Embraces multiple methodologies
- Evaluated largely in terms of membership accessions

Educational institution mission and method:

- Acquisition and proper use of knowledge
- Development of mature faith in God
- Academic prep of qualified future Church employees
- Understanding and practice of responsible citizenship
- Evaluated largely on academics and student success

Church and Institutional mission compared

Denominational/ecclesiastical mission and method:

- Local and global comprehensive spiritual renewal
- Focus on worship, discipleship, and proclamation
- Embraces multiple methodologies
- Evaluated largely in terms of membership accessions

Healthcare institution mission and method:

- Continuing the healing ministry of Jesus
- Embraces spirituality within the concept of wholeness
- Stimulates spiritual inquiry through Christ-like ministry
- Evaluated largely in terms of quality, service and patient outcomes

Church-sponsored institutions are an expression of the Church in mission. They are an essential part of the mission consciousness of the entire Church.

Institutions fill unique roles in Church mission. They cannot go unnoticed or disrespected by ecclesiastical structure or measured in terms of membership acquisitions. Nor should institutions distance themselves from the Church by independent mindedness and inattention to all dimensions of wholeness in human life.

In the truest sense, both the Church and the healthcare institution are connected in a continuum of care for the whole person. This connection is more than physical or structural—it is in their essential nature to be agents of healing.

Every local church needs to see itself as a healthcare institution. Healthcare in the hospital may rely heavily on the science of medicine. Healthcare in the church relies heavily on the science of love, forgiveness, grace, dignity, transcendent purpose, and fellowship. The idea of whole person care needs the church and hospital to recognize that they are both agents of healing ministry. This realization opens huge opportunities for mutual respect and cooperation.

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Formal/informal identity with Church:

1. Faith-based ministry—the institution proactively exhibits to clients its alignment with the healing ministry and presence of Jesus Christ.
2. Linkage to faith-based organization—the institution is internally and publicly portrayed and recognized as sponsored by the Seventh-day Adventist Church.
3. Mission purpose and linkage embedded—Staff orientation and programs positively portray the affiliation of the institution and the Church.

Formal/informal identity with Church: —cont'd

4. Institutional “identity and participation in Seventh-day Adventist Church mission and values occurs through selection, by a constituency, of Seventh-day Adventist Church members in regular standing to serve as constituents, directors/trustees, administrators, and employees.” —GC *Working Policy* BA 25 25
5. Corporate conduct is expected to demonstrate Seventh-day Adventist teachings, values, ethics, and lifestyle. The institution has a resemblance to its sponsor.

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Similar patterns but separate identities:

Ecclesiastical entity

Constituency/Membership

Executive Committee

Executive Officers and
Administration

Institutional entity

Constituency/Membership

Board of trustees

Chief Executive Officer

Administration

Distinct structure for legal purposes:

1. Ecclesiastical structure and institutional structure are not one and the same. They are different yet closely related. Church entity is sponsor not owner.
2. Church and institution are separate legal persons. Legal personhood is accomplished through status as a corporation or as allowed under local jurisdiction.
3. Registered as a charitable, religious, and not-for-profit organization wherever possible.
4. Separate/distinct structure isolates risk exposure and allows for business development not available to an ecclesiastical structure.

Distinct structure for legal purposes: —cont'd

5. Distinct legal structure does not infer/confer mindset of 'independence' from Church-related interests.
6. Structure may also involve affiliations, subsidiaries, partnerships, and/or configurations required for permits/licenses.
7. Upon dissolution the residual assets of the institution are transferred to a designated Church entity (usually the sponsor) as per governance documents.

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Institutional governance:

1. Is separate/distinct from Church governance.
2. Each institution has a defined constituency usually comprised entirely of Seventh-day Adventist Church members and leaders.
3. The constituency or membership body elects the Board of the institution.
4. Board chair is generally filled by an ex officio executive in an ecclesiastical unit.

Institutional governance: —cont'd

5. The Board is the governing body of the institution with ultimate authority that can only be exceeded by the constituency or a regulatory agency.
6. Institutional board size and composition is prescribed in the institution bylaws.
7. The Board of Trustees, elected by the constituency, is the group responsible for linking the institution to the interests of its constituency and thus ultimately to the Church.

Institutional governance: —cont'd

8. Unless required by regulatory or licensing agencies the Board of an institution should be comprised of Seventh-day Adventists. (See *GC Working Policy* BA 25 30 4.)
9. Institutional boards may require a range of Board expertise not always found in governing bodies of ecclesiastical units.
10. Institutional boards can augment their collective range of expertise by selecting 'invitees' or 'advisors' with voice but not vote.

Institutional governance: —cont'd

11. The institution board is ultimately responsible for institutional governance, operational stability, preservation of SDA identity, and pursuit of mission.
12. To preserve connection with Church mission an institution's board will generally have several ex officio members holding Church leadership roles. Ex officio membership is intended to ensure alignment and synergy between the institution and the Church.

Membership on multiple boards

“Because of the common objectives embraced by the various organizational units and institutions..., membership held concurrently on more than one denominational committee or board does not of itself constitute a conflict of interest provided that all the other requirements of the policy are met...

However, an officer, trustee, or director serving on an organization's board is expected to act in the best interest of that organization and its role in denominational structure.”

—General Conference Working Policy E 85 05

A church leader can wear many hats—but
only one at a time!



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Property considerations:

1. Is the property used by the institution owned, rented, leased?
2. If rented or leased, what are the terms?
3. Widespread denominational practice is that title to real estate is held in the name of a Church entity corporation (e. g. the Union Conference Corporation).
4. The Church entity corporation, if holding title to institutional property, holds title in trust for the institution. (See *GC Working Policy* BA 25 20)

Property considerations: —cont'd

5. Transactions affecting the property (security for loans, permits to build, divide, lease, rent, sell, or otherwise encumber the property) will require approval from the title holding entity.
6. Ownership of real property includes land and buildings—major alterations may require title holder approval.

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Resource relationships:

The institution board needs to understand several dimensions of financial relationships with ecclesiastical structure. These include:

1. Church entity appropriations to institution.
2. Institution profit-sharing with Church sponsor.
3. Institution tithe.
4. Employee tithe collected by institution.
5. Loan arrangements including loan security.

Resource relationships: —cont'd

Any financial arrangement between a Church entity and a Church-sponsored institution needs to respect organizational boundaries.

Minutes of the governing body (Executive Committee for ecclesiastical entities, and Board for institutions) should document the financial arrangement. Informal arrangements must be avoided.

Resource relationships: —cont'd

The Church entity sponsoring the institution may grant appropriations to the institution. The institution should strive to attain fiscal self-support so as not to depend on grants from the ecclesiastical organization.

Appropriations from the sponsoring organization should not be considered a perpetual feature of the relationship to the Church, nor a requirement for the institution to be designated as a Church-sponsored entity.

Resource relationships: —cont'd

An institution's Board may choose to share a portion of operational surplus with the sponsoring body after making reasonable provision for depreciation and capital needs.

Any proposed surplus sharing with the sponsoring body should not be factored into the institutional cost reporting submitted to governments or insurance companies for cost reimbursement.

Institutional tithe:

“Although the Bible does not specifically address the topic of institutional tithing, such tithing would be (is) an expression of gratitude to the Lord for the blessings He has bestowed and is an act of solidarity with the world church. The practice of institutional tithing is encouraged by church leaders.”

—GC *Working Policy* V 04 30 4.

Institutional tithe: —cont'd

“Although other funds may be available and should be used first, chaplains serving in schools and hospitals may also be paid from the tithe.”

—GC *Working Policy* V 14 05 2.

Employee tithe collected by institution:

Some institutions deduct employee tithe from the payroll rather than having employees return tithe through local church channels.

The preferred arrangement is for employees to personally return tithe through the local church system. Employing agencies that deduct tithe from the employee payroll run the risk of employees viewing tithe as tax rather than as relationship with God.

Employee tithe collected by institution: —cont'd

Institutions that follow a tithe-deduction program need to have in place an employee authorization to do so. This is best done at the time an employee joins the organization.

Returning tithe as an act of stewardship needs to be the person's decision rather than the organization's mandate.

Employee tithe collected by institution: —cont'd

Employing units that deduct tithe from employee payroll must forward, in a regular and timely manner, the tithe to the Church entity serving the territory.

Tithe deducted from employee payroll must not be viewed as institutional resources. Otherwise, the entire concept of employee participation in stewardship is subverted to institutional purposes.

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Employment practices:

“In the employment of persons in every capacity, whether in an office environment, institution, or otherwise, great diligence shall be used to employ qualified persons who are members of the Seventh-day Adventist Church, in regular standing, in harmony with division working policy and consistent with national, state, or provincial laws; who exert a positive influence along spiritual lines for building up the work; and who adhere to Church standards and principles in all facets of their lives.”

—GC *Working Policy* E03

Human relations

“4. Hospitals and other health care institutions shall make no distinction on the basis of race, color, or gender in admitting patients or in making their facilities available to physicians, interns, residents, nurses, and administrators who meet the professional standards of the institution.

5. All organizations and institutions shall provide employment and advancement opportunities without regard to race, color, or gender to persons who qualify.”

—GC *Working Policy* BA 60 10, cl. 4. and 5.

Employment practices: —cont'd

Across the spectrum of SDA institutions, it is generally the healthcare institutions that have the greatest challenge in attracting sufficient numbers of qualified Church members to meet the employee needs of the institution.

The central question is how to attract a workforce that individually and collectively implements the mission of the institution.

Employment practices: —cont'd

Does a Seventh-day Adventist workforce guarantee that the spiritual mission of the institution will be advanced? Not necessarily.

Can an institution's spiritual mission be advanced without careful attention to the convictions and motivations of its employees? Decidedly “No”!

Challenge for faith-based organizations:

“Those who manage religious organizations know that the secret of success is the shared vision of the workers. At a hospital, for example, anyone with adequate training can administer a sedative, lance a boil, or change a soiled bed linen.

Challenge for faith-based organizations:—cont'd

“But for a church-sponsored hospital to achieve an extra dimension of patient care, there must be a vision of Christian servanthood and personal sacrifice; a vision shared by all—administrators, physical therapists, nurses, even food-service workers.

Challenge for faith-based organizations:—cont'd

“A vision like that can only grow and be nourished in the rich soil of much more widely shared convictions—convictions about what kind of God we serve, about the nature of humanity, about the kinds of behavior that shape a particular believing community.

Challenge for faith-based organizations:—cont'd

“The bloom of altruism without the roots of belief will eventually fade and crumble. A religious mission requires shared vision. A shared vision requires common convictions.”

—“Imposing Standards”, *Christianity Today*, July 10, 1987, p. 17

Employees create institution's reputation

It is the spiritual convictions and commitments of the institution staff that will create the institution's reputation as providing "Christ-like ministry" and establishing a positive perception of alignment between the institution and its sponsoring organization.

Employee recruitment and policies

In the recruitment process it is vital that persons interviewed be made aware of the faith-based identity of the institution and of the spiritual dimensions of its mission. These elements can be made part of the job description.

The employee handbook should clearly outline standards of workplace conduct. All potential employees, whether SDA or not, should be required to express consent on these matters prior to employment.

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Church and Institution policies:

The Board is the policy-making body for the institution.

Denominational policy and Fundamental Beliefs form a backdrop for institutional policy development.

In some instances, denominational policy already pre-determines certain aspects of institutional life.

Denominational policy for institution:

1. Organizational structure. *(GC Working Policy BA25 30 and FH 25)*
2. Composition of constituency.
3. Composition of institution Board.
4. Seventh-day Adventist “health message”.
5. Risk management policy. *(GC Working Policy S60)*
6. Remuneration policy. *(GC Working Policy Y)*
7. Remuneration wage scale may be subject to Division policy.

Remuneration for commercial enterprises:

“Variations for Commercial Business Organizations

The governing board of health care institutions and health food factories whose viability rests on their success in the commercial environment and who do not receive denominational appropriations, and who derive a significant majority of their income from nondenominational sources, may establish guidelines governing remuneration levels and/or compensation benefits (allowances) which to a limited extent reflect the prevailing remuneration level of the local environment...”

—GC Working Policy Y 05 45

Church and Institution policies: —cont'd

Within the perimeter of denominational policy each institution Board is free to adopt operational policies for the institution and for the Board itself.

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Local Church and Institution:

“Denominational institutions and other legal entities, by virtue of a relatively high concentration of Seventh-day Adventist employees in one location, also need to maintain a clear and mutually beneficial relationship with the local Seventh-day Adventist Church. “

—GC *Working Policy* BA 25 45

Local Church and Institution: —cont'd

In many cases the church building may be located on the campus of the institution and a high percentage of the local church membership is employed by the institution. In these situations, it is important to preserve a distinction between the functions of the institution and the role of the local church.

Local Church and Institution: —cont'd

The pastors of the local church are employees of the local conference/mission, and the local church remains a member unit of the conference/mission. The administration of the institution and the pastors of the church will need to keep in frequent and mutually supportive communication in order for the life of institution and church to thrive.

Local Church and Institution: —cont'd

In situations where an individual fills simultaneously the role of pastor and institution chaplain there will need to be a clearly defined agreement between the local conference/mission and the institution as to who is the employer of record, how employee costs are shared, and how employee job-time is allocated.

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Key concepts for institutional governance:

1. An expression of the Church in mission.
2. Intentional identification with the Church.
3. Separate structure for legal not missional purposes.
4. Board has ultimate corporate authority.
5. Institution might not “own” property it uses.
6. Institution resources facilitate mission and ministry.
7. Employee commitment to the institution’s mission.
8. Institution policies within Church policy framework.
9. Collaborative relationship with local church.

Church and institutional relationships:

The Church has developed a fairly formalized template for both ecclesiastical and special purpose institutional entities. It depends on both for its corporate witness and the advance of its mission in the world.

Church and institutional relationships: —cont'd

The informal template, and perhaps the more influential one, is the mindset of leaders in the sponsoring entity (Church) and the institution. It comes down to whether or not the leaders respect organizational boundaries while recognizing and facilitating engagement with a multi-faceted yet singular sense of mission.

