



Sustainability and strategic thinking in theological education

I have spent more than two decades at the Association of Theological Schools in the United States and Canada (ATS), a membership organization of nearly 280 theological schools that offer graduate-level theological degrees. During this time, I have had the responsibility and pleasure of reviewing, analyzing, and contemplating the economic and organizational models that undergird the missions of these theological schools. This has led me to focus on what I call mission and money. Mission represents the students we serve and educate. Money broadly represents the human, financial, and physical resources required to support the mission of the institution.

Mission and money. In theological schools, these two words are often in tension, often out of balance. Some leaders lean more toward mission while other leaders lean more toward money. Within theological institutions, mission and money can even be seen as mutually exclusive. But I would propose that, given the significance of the life-changing purpose of these schools, mission and money must be seen not as mutually exclusive but as complementary.

Realistically, perceptions about mission and money are not as clear and simple as I describe. Instead, individuals and schools are somewhere along the spectrum and that “somewhere” shifts and changes depending on circumstances and realities of the day or month — or the crisis du jour. Theological schools need leaders who emphasize the importance and interdependence of both.

The realities of mission and money

Let’s take a look at some broad realities affecting the sustainability of missions in theological education.

In terms of mission, theological education is not a tale of woe. Although there have been enrollment declines overall in the last decade (and those declines have been very deep in some areas), ATS schools still serve more than 78,000 students from around the globe.

In the last 25 years, approximately half of ATS schools have experienced increased enrollment and about half have experienced a decrease. Many complex factors have led to these ups and downs. One positive influence has been the substantial change in enrollment in M.A. programs. Across ATS schools, it is now projected that students enrolled in M.A. degree programs will surpass students enrolled in M.Div. programs within five years. In addition, as one overall differentiator, schools that have introduced some form of “creativity”— perhaps a new degree program, a new distance education program, a new focus on an underserved constituency, or a new accelerated degree program — are more likely than others to have experienced enrollment growth.

In terms of money, the picture is also one of blessing and challenge. In the last 25 years, overall spending across ATS schools has climbed steadily. Expenditures have grown by 2 percent to 3 percent annually (except during the recession of 2008–09, when ATS schools quickly and deeply cut spending, and then returned to their previous spending patterns). Now, for the first time in history, ATS schools report aggregate spending of more than \$2 billion annually. The average ATS school spends about \$4 million per year in total, with the total spending amounts ranging from less than \$1 million to more than \$70 million per year. The financial resources available at ATS schools in the aggregate are quite generous.

Another way to think about spending — a particularly strategic way — is to consider what schools spend per full-time-equivalent (FTE) student. The median spending in ATS schools is about \$50,000 per FTE student per year, but it can be as low as \$20,000 and as high as \$200,000 — a statistic that highlights the pressure points in sustainability for theological schools.

In some cases, schools continue to increase spending as enrollment grows or stagnates. In other cases, schools hold or cut expenditures, but not commensurate with their declining levels of enrollment. As a result, in either case, the amount schools spend per student may rise to unsustainable levels. Because of these higher levels of expenditures per student, theological schools may pursue additional revenues in three different areas: net tuition, giving, and endowment draw. Some schools may succeed in finding the revenues they need and others may not, but in either case, tension between mission and money builds.

Net tuition: Find more students!

The missional vitality of a school is most readily experienced in enrollment patterns, so theological schools are often interested in developing new pathways for students. Furthermore, the desire to increase net tuition revenues can lead to ongoing pressure to find new students.

About 40 percent of ATS schools receive the majority of their revenues from net tuition, and admission departments at these and most other institutions live with the demand to find new students at a time when old pipelines may not be as fruitful as they once were. Schools may perceive that they are competing with other institutions for students, but the new competitive reality may be one in which students are discerning whether to pursue a theological degree at all.

Many schools encourage enrollment with initiatives such as adding degrees or reducing the number of required credit hours, but these initiatives frequently lead to increases in enrollment that are merely short-lived. In order to incentivize

enrollment growth, leaders will sometimes increase student scholarships or discount their tuition, but ATS research suggests that there is no direct correlation between increased scholarship funding for students and enrollment growth (nor is there a correlation between more generous scholarships and lower student debt, for that matter). The call to find more students is not a simple solution to the challenges of mission and money.

Giving: Find more donors!

Because net tuition is almost always insufficient to cover all expenditures of a theological school, all schools pursue other revenue streams as well. In fact, without the generosity of donors, many institutions would not survive. Nearly 30 percent of ATS schools receive the majority of their revenues from giving.

Finding more donors may not be an easy answer to the problem of how to finance theological education — nor might it be the right answer. Development offices know that cultivating new donors, and transforming small donors into major donors, requires ample effort and time. Furthermore, asking a donor to contribute to an overspending school is not necessarily good stewardship. The call to find more donors and for existing donors to give more is not an uncomplicated solution to the challenges of mission and money.

Investments: Grow the endowment!

A third pillar of potential revenues for theological schools is to build an endowment. This approach allows for a potential stream of income for the present from the generosity of the past. Approximately 15 percent of ATS schools receive

The logic of strategic thinking

Each of the subjects presented in this article — the sustainability of theological education, my analysis of the current state of strategic thinking in theological schools, and a new approach centered on the ecology of the stewardship of ministry — builds on the other.

1. To think strategically, one must have a realistic understanding of the institution and the environment in which it operates.
2. The virtue of the God-inspired missions of theological schools and the realities of the environment of theological education require strategic thinking from leaders that is innovative, not incremental.
3. Innovative strategic thinking grounded in the realities of theological education requires leaders to understand how their decisions affect the entire ecology of the stewardship of ministry.

In light of the God-inspired missions of theological schools, theological education requires leaders to have the following traits:

- A willingness and ability to think innovatively and entrepreneurially about new educational and organizational paradigms that serve the ever-changing church, students, and world.
- The strength to resist ever-creeping institutional costs that exceed what students, the school, and other constituencies can afford.
- A commitment to aligning institutional resources to the mission the school is called to — its future — and not the mission the school is called from — its past, no matter how storied.
- The ability to engage in bold and strategic thinking and the gumption to undertake actions that are not just about mere survival but about vitality — that is, toward a future in which ample resources support a bold mission for the good of students and the church at large.

the majority of their operating revenue from endowment draw.

Yet presidents and development offices know that growing an endowment through gifts is necessary but somewhat daunting. Historically, donors may have been more willing to give to long-term structural sustainability, but now they are often more interested in having an immediate impact. Even more, urgent economic realities often mean that a theological school needs to raise more money for the present instead of building a foundation for the future. Finally, the blessing of an endowment can sometimes mask operational infrastructure deficiencies as schools increase their draw from these investments to unsustainable levels over time. The call to grow the endowment is not an immediate solution to the challenges of mission and money.

The current state of strategic thinking

Theological schools sit at the crossroads of higher education and the church. Not surprisingly, the tension between mission and money is part of institutional life at many schools. The proximate and ever-present pressure to balance the economics of the enterprise influence the strategic thinking of schools. Nonetheless, in order to ensure the long-term vitality of the institution, leaders must ensure that mission guides within the realities of money and resources.

At one end of the spectrum, leaders believe the biggest obstacle to fulfilling their mission is lack of human resources and lack of money. At these schools, living daily with a perceived lack of resources can create a climate of scarcity. Perhaps a school like this might run out of money before it runs out of mission. Or perhaps a school like this may be trying to stay alive with a mission that was appropriate in the past but has not been rebalanced or reorganized for the present.

At the other end of the spectrum are leaders within schools that live in abundance. They may be blessed with lots of students, a hefty endowment, and generous alumni. At such schools, living in the midst of abundance may lead to a climate of institutional complacency. Daily living can reflect a climate of contentment. Perhaps a school like this will run out of mission before it runs out of money. This may be a school that is too satisfied with today to cast a vision for the future.

Shortsightedness in strategic thinking is common in theological schools. Either a climate of scarcity keeps the challenge of the annual budget at the forefront of decision making, or a climate of complacency and contentment keeps schools from asking the deeper questions about appropriateness of their mission or their use of money.

Incrementalism and innovation

At many theological schools, strategic thinking follows one of two distinct patterns: incrementalism or innovation.

Incrementalism is characterized by tweaking, adjusting, or modifying in small, technical, and often insignificant ways. For example, schools that have budget challenges will cut their budgets in 1 percent to 2 percent increments annually, never getting to the point where they get out of deficit and always perpetuating the cycle of scarcity. Year after year, cut after cut, they never get to where they need to be. Incrementalism can be the result of leadership that does not take

adequate account of mission and money.

Innovation is characterized by bold, imaginative, and adaptive action that leads to substantive and mission-inspired change. With innovative strategic thinking, leadership seizes the opportunity to live out of the blessing of what God has already provided rather than wanting more. It radically rethinks the educational and economic paradigms to live into the institutional realities. By reimagining mission and money in light of the current realities and future possibilities, an innovative leader avoids incrementalism and sets up the future of mission and money to become a strength of the institution.

Over the last two decades, I have become convinced of the importance of the following three key principles for leadership in theological schools.

- Mission and money. Leaders must ensure the mission of the institution is undergirded by its resources (human, financial, and physical), seeing mission and money as not mutually exclusive but necessarily complementary. Mission and money must work in concert, with money (resources) utilized in service to mission.
- Intergenerational stewardship. Leaders must actively cultivate mission and money so that they are stronger at the end of the leader's tenure than they were when that leader arrived. Institutions are stewards of many things, including mission, students, curriculum, personnel, finances, donors, reputation, and church relationships. All of these must be nurtured, fed, and pruned for long-term health.
- Institutional resolve. In the face of immediate challenges, leaders must steadfastly pursue long-term institutional missional vitality as well as intergenerational stewardship. The immediacy of challenges can force an institution to make choices and decisions that are beneficial to the short-term and detrimental to the long-term, but leaders must have the resolve to address the short-term while focusing on the long-term.

In the 1960s, ATS commissioned a group of financial experts led by Warren Deem to analyze the state of graduate theological education at the time. Here are the four main challenges facing theological education that Deem and his team discovered:

- Declining student enrollment.
- Reduction in student to faculty ratio.
- Small average size of seminaries.
- Increasing costs per student.

Sound familiar? Now, almost 60 years later, the issues raised by Deem are even more compelling than they were then. Deem also stated that if survival was the only goal, "it appears that most seminaries will survive." But he added, "A more serious question is not whether they can survive but whether they have the financial resources to change."

If I could rephrase Deem's statement to include my own vernacular without changing the substance, this is how I would put it: If survival is the only goal of seminaries, it appears that an incremental approach will be enough for seminaries to survive. A more serious question, however, is not whether they will survive, but whether their leaders are willing to commit to the kind of innovative and

entrepreneurial thinking that supports mission and money for the flourishing of their God-ordained missions.

The ecology of the stewardship of ministry

Like many people, I have a “life verse”: “I have been crucified with Christ and I no longer live, but Christ lives in me. The life I live in the body, I live by faith in the Son of God who loved me and gave himself for me” (Galatians 2:20, NIV).

I see this verse as the essence of stewardship. Stewardship is the careful and responsible management of something entrusted to one’s care. Stewards take care of something that does not belong to them. As I see it, Galatians 2:20 says that even our lives no longer belong to us, but that we are stewards of our lives on behalf of Christ, who lives in us.

When we think about stewardship of our lives, we often talk about giving of our time, talent, and treasure to the Lord. In the context of our work in theological institutions, we are also stewards of resources, personnel, donors, curriculum, institutional history and commitments, campuses, and more. We are stewards of Mission and Money.

The missions of our schools, the students we educate, and the communities of faith and world we all serve require our best. May God grant us individually and collectively the courage and resolve to be the leaders God has called us to be.

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A five-phase approach to strategic visioning

Chris A. Meinzer has designed an approach to support leadership development, board education, and the strategic visioning process. Using the ATS Strategic Information Report (SIR) and other member school data, he provides schools with data-informed, institution-specific presentations around mission and money.

For more information: email meinzer@ats.edu or visit www.ats.edu/uploads/resources/institutional-data/five-phases.pdf.



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