**Lutheran School of Theology at Chicago**

**Pathways to Lower Debt**

Project Summary

Simply put, there is no single-pole, technical solution that can be applied to address the educational debt challenge facing theological education today. Based on many years of commitment to this issue, LSTC instead proposes in this project three distinct but interrelated pathways to explore how to lower this debt. Grounded in research that will lead directly to specific institutional strategies for us to enact, we believe these pathways show the greatest promise for assisting our own students as well as others interested in addressing this worrisome issue.

**1. Debt load Cases** Good/Bad Decisions; Good/Bad Behaviors. Study extant financial aid data in order to identify graduates and students in both lower and higher debt categories. What can we learn about the habits of each group through written surveys, interviews, and focus groups that will help isolate behaviors and decisions with both positive and negative outcomes.

**2. Financial Aid Counseling**: High Contact vs. High Information Models. Study recent financial aid counseling models. Despite the declining proportion of students who took out loans at LSTC during the last two years, the average amount of debt per graduate has actually increased. We want to learn why this has happened in light of changes in our counseling about student debt. Until 2009, LSTC financial aid advising was a one-to-one, hands-on process. Debt per graduate in the final year of that period averaged $17,461. In 2009, a transition was made to a semi-automated process and debt per graduate has steadily increased each year to an average $29,956 in 2013. What is the proper mix of these models to not only help minimize debt but also to provide students with information to make sound financial decisions?

**3. Links with Congregations:** Congregational Funding Patterns. ELCA statistics have shown that congregations with more connections with seminaries are more likely to support seminaries financially, and thus, we hypothesize, congregations that have more familiarity with our students will support their seminary studies through scholarships, which holds great potential for diminishing student borrowing. To ascertain congregational funding patterns, we will explore our existing data to learn what contributes to a supportive relationship between congregation and student.

Most important resources discovered or produced.

1) Our ongoing participation in the ELCA **Stewards of Abundance Project** allowed us to review and examine the reports generated through this research and consider their implications for our own work at LSTC and in comparison to other ELCA seminaries. 2) Development of our **Stewardship Partners Program**, which provides budget counseling for students and draws upon local alumni, pastors, and laypersons who accompany especially at-risk students in their journey toward financial wellness. 3) Development of the **Senior Capstone** event. Each spring, this retreat gives graduating seniors a special opportunity to focus on a range of financial concerns that await them upon completion of seminary.

Most significant act of project to date.

The opportunity to collaborate with other offices to understand our specific debt issues and what we will do to try and resolve or mitigate them.

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