

**A Reflective Guide to
Mission and Money
for Theological Schools**



The Association of Theological Schools
December 2024

Introduction – A Guide to Mission and Money

Sustainability. It is a simple idea: to find a balance between our needs and our resources, both now and into the future. Sustainability requires both awareness and action. It includes being attentive and honest about what we can do, what we could do, what we need to do, and what we want to do. It also includes taking brave and humble actions based on what we discover. This is true whether we're talking about constructing a sustainable workweek, a sustainable project, or a sustainable institutional mission. When our needs and our resources are aligned, we are able to live fully into our callings in ways that contribute to the flourishing of the world around us. However, when our needs and resources are not aligned, we struggle -- something we all know all too well.

Sustainability is central to the health and effectiveness of a theological school, in both the short and long terms. But it is also one of the greatest challenges of most (if not all) schools. Financial concerns are one of the most frequent areas of needed growth surfaced by accreditation committees and by the ATS Board of Commissioners. In research surveys, senior leaders at theological schools indicate that stresses related to Money (budget, personnel, physical plant, etc.) are among the top things that keep them up at night. When schools reach out to ATS or other partners for help, it is often because sustainability is at stake.

Throughout this guide, we will refer to this balance of needs and resources as "**Mission and Money**," where Mission (with a capital M) is understood to include the purposes of a theological school (including its vision, values, desires, and directions) and where Money (with a capital M) is understood as the resources available to the school (including human, financial, physical, technological, and shared resources). In this framing, we can confidently say that Mission and Money is an important area of concern across all graduate institutions of theological education—regardless of size, faculty, finances, denominational affiliation, longevity, or any other factor. We believe, however, that reflecting on the intersections of Mission and Money can be among the most rewarding tasks that a school undertakes. This guide is intended to highlight not only the challenges that schools face but also the ways in which these can become opportunities for deeper conversations and growth, and to share some practices that will help you engage this work more easily and more fully.

We offer this reflective guide to highlight some good practices that we see among member schools, to warn against some not-so-good practices that we sometimes see, and to fill in some gaps that we wish schools attended to sooner and more carefully. As such, we hope this guide functions a bit like a sharing of wisdom from those who have gone before and from those who have a slightly different vantage point. The guide is not designed as a quick fix for schools that struggle with Mission and Money, but we do hope it will be helpful, in concrete and measurable ways, for those schools who find themselves currently challenged by finances or related issues. But we also hope the guide will be useful for those schools who are doing "fine" or even "well" right now, particularly as they attend not only to immediate needs but also the needs of those who will be served by the school or its mission in the future. In the end, of course, every school's efforts will be

evaluated on their own terms. Those who are attending to these issues for the sake of accreditation will ultimately be evaluated in light of the Commission Standards, as interpreted first by the school in its context, next by a group of peer evaluators with their professional judgment, and finally by a Board of Commissioners who are elected by and act on behalf of the membership. We believe, however, that this guide will help schools better understand and implement the Standards regarding institutional resources, and, more broadly, it can help all of your institutional efforts attend more carefully to both Money and Mission.

This guide is designed for a variety of users, and we encourage you to focus in on the areas that are most relevant for your own needs and context. For example, chapter two ("Terms, Trends, and Tendencies") might be a bit too basic for many ATS CFOs -- but might be the perfect starting place for an emerging leader or new faculty member. Schools working on an institutional self-study for accreditation may find the section on "The Standards Speak to Mission and Money" as a good entry point ... along with the tools provided by the Commission on Accrediting, such as the [Self-Study Handbook](#), the [Self-Study Ideas](#), the [Guidelines for Understanding Finances](#), and, of course, the [Commission Standards](#) themselves. Schools may find it useful to work through this guide as a team, each bringing in the lenses from your particular roles in the institution, and you will find prompts throughout this text to help you dig deeper into what some of these reflections and proposals might mean in your own setting. In fact, we believe this team approach will likely bear the most fruit in the consideration of Mission & Money. We also encourage you to work through this material with an external conversation partner as we have learned that an outside companion who can ask good questions, offer observations, provide context, and suggest alternate paths forward can be particularly helpful to schools who wish to take this work seriously.

The guide intentionally ends with questions because it is not intended to be the final answer to Mission and Money but to create space and imagination for deeper community reflection and action on these important matters.

The title of this document, "**A Reflective Guide to Mission and Money for Theological Schools**," is intentional for the following reasons:

- **A Reflective** Guide because this is not designed as a dry or abstract set of instructions for attending to financial sustainability. Rather, throughout this guide (and its supplemental resources) we will be offering stories and personal reflections regarding values and practices that can help a school attend to sustainability, now and into the future. Even our writing style here seeks to be relaxed and informal (for example, the editorial "we" throughout), which also demonstrates our desire to speak from a posture of curiosity and creativity rather than compliance or certainty. This approach is designed to support the goal of making finances and financial sustainability something that can be understood and engaged by a wide range of constituents, including administrators, staff, faculty, and trustees.

- A Reflective **Guide** because it is intended as just that: “**a guide**” to sustainability, not as “the guide” or as “the only way” to approach these issues. For schools that are accredited by the ATS Commission on Accrediting, the [ATS Commission Standards of Accreditation](#), not this guide, constitute the official expectations for financial (and other) resources at member schools (see especially Standard 10). In addition, as will be explored throughout this guide and as is highlighted throughout the Standards, all of our reflections on sustainability need to be considered in light of the distinctive context and mission of each school or stakeholder group. Still, we have designed this guide to be helpful to schools as they seek to meet the expectations of the ATS Board of Commissioners (e.g., as part of a self-study report or a report back on financial health), even as it is not limited to these purposes.
- To **Mission and Money** (each with capital letters) because our focus here is not simply limited to financial resources and is not simply about attending to the present moment. As we will explore throughout this text, “Mission and Money” is a way of thinking holistically about the interdependence of an institution's resources (including include human, financial, physical, technological, and shared resources -- just as in the *Standards*) and its purpose; in fact, we will argue that Money (all necessary resources) ought not be considered apart from Mission, and that Mission ought not be considered apart from Money. We will also argue that attention should always be on intergenerational stewardship, which means we are not (just) trying to attend to balanced budgets or the resources needed for our current year or current programs, but that we must also remind ourselves of a longer view that recognizes that the resources we steward are not for ourselves or our generation alone.
- **For Theological Schools** because this guide focuses on the work of sustainability from the perspective of the theological school as a whole. This includes three interrelated assumptions:
 1. Mission and Money are not just the responsibility of a single role or department (e.g., CFO or finance committee of the board of trustees) but rather should be engaged by a wide range of stakeholders throughout a school (including faculty, trustees, president, dean, and a variety of other administrators, among others). This guide will likely be helpful to those who have the word “finance” or “accreditation/evaluation” in their title or job description, but it is intentionally not written only to them.
 2. While Mission and Money can and should be attended to at a number of different levels, this guide will focus primarily on the sorts of practices that help a school understand how to sustain itself and its mission (including whatever mission goes beyond the walls of the individual school). Some aspects of this guide (and, especially, in the resources that accompany this guide) that may also be useful at smaller levels (e.g., program evaluation or project management), but

our focus here is on a school as a whole. We also will invite you throughout this work to also broaden your vision in ways that go beyond the walls of your own institution, for example by considering the larger ecosystems in which you work and the deeper missions (beyond that of your single organization) to which you may be committed.

3. While Mission and Money are crucial concerns in almost any institution or organization, this guide will focus primarily on the context of graduate theological education. This allows us to lean into the depth of mission that is often grounded in faithfulness to a theological tradition and community and lets us focus in on the organizational structures and institutional commitments that are part and parcel of graduate theological education. Some aspects of this guide might also be helpful in other contexts—including that we believe that this guide and its supporting resources also include useful information for our students to learn, given that many of them do already or will soon find themselves in leadership situations dealing with important but difficult challenges related to finances and other issues of sustainability—but the focus in this guide is intentional on sustainability for institutions that support graduate theological education, including those that hold themselves accountable to the ATS Commission Standards of Accreditation.

In addition to this guide, ATS provides a variety of resources to help a school approach the challenges of Mission and Money. For example, throughout this guide you will find references to the importance of evaluation and assessment, and so might find it useful to review the companion to this guide, *A Reflective Guide to Effective Evaluation for Theological Schools*. And, of course, we invite and encourage you to engage these themes in conversation with ATS staff; we are here to serve you and support you however we can in this work.

This guide is a reflection of graduate theological education in December 2024. We encourage you to share your feedback on it with Chris Meinzer (meinzer@ats.edu).

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CHAPTER 1

Consider Your Why

The Association of Theological Schools
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Consider Your WHY

When I was two years old, my family moved from Pittsburgh to the countryside in the southwestern corner of Pennsylvania. The town was comprised of about 75 people, with a general store, a volunteer fire department, and a post office, where my father would eventually work. The hub of activity for the town was a little, white, tall steeple church. Over more than a decade, it was the place where my mother and father came to a deep faith, where most of their children began their faith journey, and from where the Lord eventually called my mother home. It was a place of caring and connecting and community. It was a place of searching and finding faith and belonging. To this day, it has left an indelible mark on my life. Much of why I do what I do, including my work at the Association of Theological Schools, can trace its roots back to this formative time in my life. It has significantly impacted my WHY – the core purposes in my life.

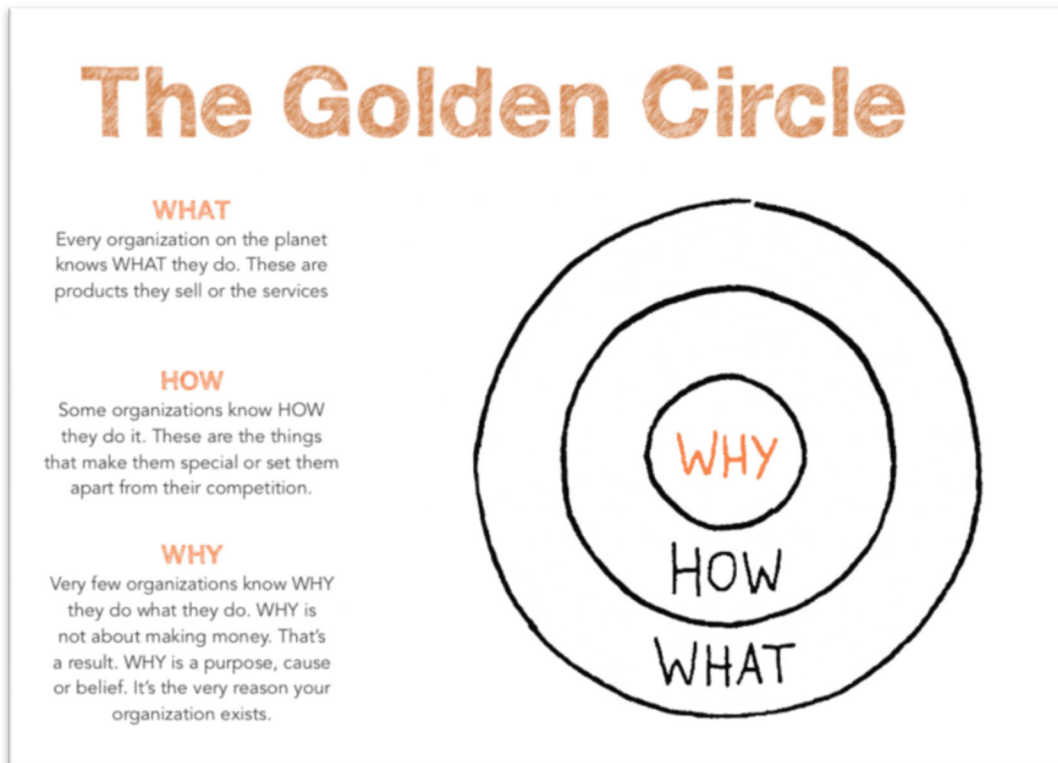
Your story may be –and probably is – significantly different. Perhaps what gets you out of bed in the morning is your passion for justice. Your commitment to your family. Your desire to solve problems. Your fascination with ancient texts. Perhaps you find the energy to keep going, even when it's hard to keep going, from the spirit of the people around you. From your desire to serve others. From your deep faith. From the beauty of the natural world. Perhaps you see your work and your vocation as a calling. As a charge from your elders. As the way you can contribute your gifts to the world and to future generations. As the intersection between what the world needs, what you're good at, and what you can get paid for.

I believe it is important for us to periodically reflect on the WHY in our lives. There are many forces that risk pushing against core values and principles—things that distract us from what is important and that take us away from where we mean to be—and we would do well to regularly assess, remind, and adjust to recalibrate to or toward the WHY that is so essential to our purpose in life. As individuals, we tend to recognize these needs, and so we make spaces to go on retreat, or journal, or meet with a spiritual director, or have deep conversations with friends. When we drift too far from our WHY, the people close to us notice and (hopefully) draw us back. When we look back on our lives, we can often recognize those times when our WHY drifted away, and we can often celebrate those moments when we found it again. Life is messy, of course, and hard, and rarely goes as we plan – and yet when we move forward in conversation with our WHY, we improve our chances to feel grounded, to move with integrity, and to contribute meaningfully to the world.

In the same way, I am convinced that it is crucial for an organization to periodically reflect on the WHY of the institution. As with individuals, it is easy for an organization to drift away from its WHY, particularly as leaders find themselves “putting out fires” and dealing with things that are urgent, if not always important. Forces push against our core values and principles, and contexts and situations change, and it is all too easy for us to do what we have done before rather than asking harder questions of what we are really trying to accomplish. As a result, *it is essential that an organization takes time to do an honest*

assessment of its core values and principles, to recalibrate toward its common good purpose, and to ensure the WHY of the organization has not been lost or taken adrift.

In his book, *Start with Why*, Simon Sinek discusses how great leaders inspire others to take action. His premise is summarized in what he calls the Golden Circle of What, How, and Why.



In Sinek's model, WHAT is the product or service an organization sells. HOW is the differentiating value proposition or the proprietary process that is often given to explain how something or some organization is different or better. WHY is the very reason an organization exists. Sinek believes that most people and organizations can explain WHAT they do and HOW they do it but are often less able to explain the WHY of their existence. He says, "When most organizations or people think, act or communicate they do so from the outside in, from WHAT to WHY. And for good reason – they go from clearest thing to the fuzziest thing. We say WHAT we do, we sometimes say HOW we do it, but we rarely say WHY we do WHAT we do." He believes that inspiration comes from starting with WHY.

Theological schools exist for the core purpose of fulfilling their missions. These missions in their varied forms seek to serve constituencies through the education and formation of students. These students will, in turn, seek to fulfill their vocational callings in the world to which God has called them. Across the ATS family of schools, these missions are articulated in unique and yet complementary ways. For example:

- We prepare women and men for bold and creative leadership for the Christian church for a diverse world.
- We prepare a diverse cadre of spiritually rooted leaders with the vision, resilience, and skill to create a world where all can thrive.
- We educate students who love the Lord Jesus Christ and His word, equipping pastors for the ministry of the gospel and preparing others in the Church for effective service in His Kingdom, all within the framework of the historic Reformed faith.
- We educate and inspire people to serve God's diverse world as leaders in churches, the academy, and public life.
- We are a Christian university fully committed to engaging the culture and changing the world by graduating people of competence and character, becoming people of wisdom, and modeling grace-filled community.
- We educate leaders for Christian communities called and sent by the Holy Spirit to witness to salvation through Jesus Christ and to serve in God's world.
- We prepare candidates for ordination as diocesan priests in the Roman Catholic Church and to recommend them to sending bishops.

These mission statements – enriched by statements of vision and values and embodied in curriculum and budgets – help keep us grounded in our WHY. And yet, even as we reflect on our institutional goals, it is also important to always remember that theological schools themselves are not the end or even the focus of the mission. Each school exists to do something for something or someone else. A greater purpose – theological education, formation, and training of the current and future generation of leaders - is the mission. With this in mind, we see that, *within the Golden Circle, theological schools are the WHAT and perhaps even a bit of the HOW, but theological schools and the way they are organized are not the WHY!* There is a greater reason for their existence and organization and it is that WHY that will inspire. Leaders within theological schools must start with WHY as the driving force behind WHAT and HOW they fulfill their mission.

Leaders need to understand that there are likely many different WHYS and a variety of competing missions within the institution. Effort is required to understand those visions and values and bring them into a collective and purposeful alignment going forward.

Pause and Ponder: Consider this Golden Circle framework when it comes to a theological school or, more importantly, your theological school. WHAT do you do? HOW do you do it? Most importantly, WHY do you do it? How does your WHY differ from your HOW and WHAT?

Activity: Without looking it up, can you name your school's mission statement? Now look it up. How close did you get? In your opinion, does the mission statement closely reflect the WHY of your school? Try this activity with others in your school.

Theological Schools and the Common Good

In theory, as nonprofit entities, theological schools exist for a common public good, which means the schools are to be organized and operated exclusively for that common good. As such, leaders within a theological school are called to be stewards through the careful and responsible care of something that does not actually belong to them (it belongs to that public good). Leaders seek to further a social cause and/or provide benefit to the public toward the common good purpose. In a very sacred way, theological schools steward mission, theological commitments, students, curriculum, personnel, financial resources, donor and alumni relationships. Boards, administrators, faculty, and staff all have a responsibility to ensure the mission and resources of the institution are administered appropriately toward the common good purpose by exercising a duty of care, duty of loyalty, and duty of obedience.

Mission is the accepted and stated fundamental common good purpose for which the institution exists as well as the actions taken to live into that existence (the WHY). In this context, “Money” (money with a capital M) represents all of the resources required to support and fulfill the Mission. These resources include but are not limited to human, financial, physical, technological as well as governance and operating structures (the HOW and WHAT). *Mission without appropriate Money risks not allowing an institution to adequately fulfill its purpose. Money without a strong and vibrant Mission risks allowing an institution to poorly steward resources toward an insufficient end.* As stewards toward a common good, leaders in theological schools must attend to both Mission *and* Money for the long-term vitality of the WHY. Proper stewardship requires attention to both Mission *and* Money. Inspired stewardship requires an articulated and active attention to the WHY of both Mission *and* Money.

Pause and Ponder: Solving for Sustainability requires an acknowledgement of the interdependence of Mission *and* Money. Historically, how has your school thought about and acted on the interrelationship between Mission and Money?

Mission, Money, and Stewardship

The Missions of theological schools are intended to have and require some longevity to fulfill their purposes. Because of this, leaders must attend to the long-term vitality of both Mission *and* Money. Anthony Ruger, retired senior research fellow from the Auburn Center for the Study of Theological Education, introduced the concept of Intergenerational Stewardship, which is the careful attention and cultivation of mission and resources in order that the organization might be left in a better place than when a person arrived. Intergenerational Stewardship is an intentional understanding that Mission and Money do not belong alone to this generation; rather, it builds upon the generations that came before and ensures active and deliberate decision-making that

benefits and values current and future generations. Intergenerational Stewardship requires attention to Mission *and* Money. Intergenerational Stewardship must include intentional care, feeding, pruning, weeding, and re-seeding of mission, values, strategic purposes, curriculum, people, place, programs, constituencies, and so much more.

Activity: Look at your degree offerings. What is one degree that requires intentional care and feeding? What is one degree that requires pruning? Where do deep conversations occur around feeding and pruning in your institution?

In theological schools, Mission and Money are often in tension and normally out of balance. Some actions and conversations around these topics lead to conclusions that Mission is sacred and Money is profane. The conversations and actions lead to Mission *or* Money, Mission *in spite of* Money, Money *leads* Mission, or Mission.....Money.

Some folks lean more toward Mission. Their focus is only on the degree programs offered, the curriculum delivered, the research practiced, the conservation of the historic identity, and so on. These are critical components of a theological school; however, attention to these components alone might actually jeopardize the Mission. If an institution's emphasis is mostly or exclusively on Mission, then there is a risk the Money or resources required to maintain, enhance, or re-imagine the Mission will not be available.

Other folks lean more toward Money. They are interested in the conservation of human, financial, and/or physical resources to the detriment of the long-term viability of the Mission. Their focus can be on maintaining certain levels of faculty and staffing when the realities of enrollment do not warrant it. Some attend exclusively to the balanced budget and maintenance of an endowment as a way of measuring success. Others might be most interested in maintaining an historic campus or facility when that resource serves a mission of the past not the mission of the present or future. This type of thinking can threaten the long-term viability of the Mission. Their emphasis is mostly or exclusively on ensuring the preservation of people, prosperity, and place with little regard to how these decisions impact the present and future vitality of the mission of the school.

Realistically, perceptions about Mission and Money are not as clear and simple as described; rather, 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 confronted. Given the life-changing missions that theological schools put forth, leaders must be intentional about the consideration of Mission *and* Money and emphasize the importance and interdependence of both.

Soberly, because leaders are not intentional about the intersection of Mission and Money, *some schools will run out of Mission before they run out of Money, and other schools will run out of Money before they run out of Mission*. Some schools are running out of both. These realities occur every year and the schools themselves do not always realize it.

Theological Schools and Religious Organizations

Theological schools sit at the crossroads of higher education and religion. Not surprisingly then, like most religious organizations and institutions of higher education, the blessing and struggle of Mission and Money is part of daily institutional life. Moreover, these organizations are made up of people – people who are not always pulling in the same direction, who define Mission from different perspectives, who have contrasting ideas about the use of Money, and who may be looking out for the maintenance of their own areas of work rather than looking out for the common greater good of the institution as a whole.

Most theological schools would represent that they are under-staffed and under-resourced. They would say that the most important factors impacting their ability to fulfill their missions is a lack of human and financial resources. Living daily with this perceived lack of resources may create a *climate of scarcity*. In a moment of theological clarity, they may define it as dependence upon God, but their daily living may still concentrate on all they do not possess. This may be a school that is running out of Money before it runs out of Mission, but this may also be a school that is living in a mission of the past without re-balancing or re-organizing itself to the mission of the present.

Still other theological schools live out of abundance. They may be blessed to have lots of students. Even more, they may be blessed to have lots of economic resources. Living daily in this perceived richness of Mission & Money may lead to an institutional *climate of abundance* or *climate of complacency*. In a moment of theological clarity, they may experience it as a blessing of God, but their daily living may still reflect an environment of self-contentment. If not careful, this may be a school that runs out of Mission before it runs out of Money. This may be a school that is too satisfied with today without interrogating the present to see the appropriate calling of Mission into the future.

The paradox is that enrollment and economic realities of theological schools may keep leaders from pursuing the WHY of Mission and Money that they *must* seek. The climate of scarcity keeps the challenge of the annual budget at the forefront of decision-making. The climate of complacency and contentment keeps schools from asking the deeper questions about appropriateness of Mission or the utilization of Money. As a result of these factors, strategic thinking and action in theological schools often follows two distinct patterns in theological education: Incrementalism and Innovation.

Incrementalism. This is the type of strategic thinking and action that 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%-2% annual

increments, never get to the point where they get out of deficit and perpetuate the cycle of climate of scarcity. Year after year. Cut after cut. Never getting to where they need to be. Incrementalism might be the result of leadership who does not take adequate account of or seek the veracity of its grasp of Mission & Money. Incremental leadership focuses on the WHAT and HOW.

Innovation. This type of strategic thinking is characterized by bold, imaginative, and adaptive action that leads to substantive and mission-inspired change. In the same example related to budget challenges, innovative strategic thinking and 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 an honest assessment of institutional realities. By re-imagining Mission & Money in light of the current realities and future possibilities, an innovative leader avoids incrementalism and sets up the future of Mission & Money to become a strength of the institution. Innovative leadership contemplates the best way to accomplish the WHY.

If schools focus on the WHY of their existence and not the HOW or WHAT, then it becomes much more possible to move beyond incremental thinking and action. Focusing on WHY instead of HOW or WHAT can shift organizations away from a mindset that says we have always done it this or that way (organizations and the people within them think this way either implicitly or explicitly). Focusing on WHY opens up the opportunity to engage Intergenerational Stewardship in a more intentional, impactful, and expansive way.

Key Questions for Leaders

Leadership in a theological school requires thinking about the WHY of the existence of a theological school. In fact, as has been considered, a theological school is very likely not the WHY. There might be a greater common good or more inspiring reason for the ends or Mission of the school. It is toward that greater common good that leaders need to inspire conversations about Mission & Money and Intergenerational Stewardship. Once deep and honest conversations about the WHY of a theological school's existence are held, then leaders can begin to consider the HOW and WHAT more pertinently. It also creates the conditions of possibility for robust and vigorous assessment of realities around Mission & Money for the present and future.

Pause and Ponder: What is your WHY? As you think about your WHY, what is your greater common good or purpose? What is the best way for you to accomplish your WHY? Given an honest assessment of your Mission & Money at your school, are you seeking to accomplish your WHY through your WHAT and HOW in the best way possible?

Theological education has been around for a very long time and taken various forms and structures. Some aspects have changed greatly and other aspects have changed very little. Theological schools as organized and represented by the ATS membership have

been one of those forms and structures. Some aspects have changed greatly and other aspects have changed very little.

Sometimes we can get hindered in thinking about possibilities when we are tied to existing forms and patterns of organizing. Theological school leaders sometimes are stymied in thinking of ways forward because they only presume the existing structures – academic, economic, governance, operations, and so on. One must ask what the greater good purpose is. Is it theological schools? Is it theological education? Or is it something else? What is the WHY of the greater common good of your institution?

Ask your community to consider these four key questions.

WHY: What is our Why?

WHAT: Why do we do *what* we do?

HOW: Why do we do it *the way* we do it?

HMM: How *well* did we do what we said we would do?

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CHAPTER 2

The Standards Speak to Mission & Money

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The Standards Speak to Mission & Money

The [ATS Commission Standards of Accreditation](#) are designed to articulate the shared understandings and accrued wisdom of the ATS membership over many decades, while also attending to the diversity and variety of our schools today. As such, the standards reflect agreed-upon principles that help each member school better achieve its distinctive mission in light of its particular context. They assure the public of each school's educational quality—based on the professional judgment of peer and public members. They also foster flexibility and innovation. In all these ways, these standards help schools embody their missions, grow in light of their missions, and be transparent about their missions.

These standards articulate principles of quality for graduate theological education that all schools meet in various ways. Because these standards focus on principles, they do not assume one particular type or structure of school to be “the norm,” nor do they assume that there is a single or best way of doing something. They frequently use words like “appropriate” and “in ways consistent with the school's mission.” That is intentional, to underscore that written standards must be interpreted—first by the school in its context, next by a group of peer evaluators with their professional judgment, and finally by a Board of Commissioners who are elected by and act on behalf of the membership. Yet even with this focus on contextuality, they also are meant to ensure through evidence (qualitative and quantitative) that schools are effectively accomplishing their educational missions and continually seeking to improve in the achievement of those missions.

The Standards are laid out intentionally to begin with mission (Standard 1) and end with resources required to support that mission (Standard 10). Thus, even in the organizational framework of the Standards, one can see the bookends of Mission & Money. In between, we find all of the elements of the school that Mission and Money make possible. *Mission (as an idea, as the common good purpose, and as embodied through the programs of the school) cannot exist in the long-term without relevant and honest dialogue with resources (Money).*

Standard 10: The Big Picture

The opening paragraph of Standard 10 reads as follows:

ATS COMMISSION STANDARDS OF ACCREDITATION (APPROVED JUNE 2020)
Standard 10. Institutional Resources
10. Institutional Resources: Theological schools are communities of faith and learning reliant upon sufficient and stable resources to achieve their missions. These resources include human, financial, physical, technological, and shared resources that require faithful and effective stewardship. Schools acquire and use these resources in trust for the fulfillment of their missions in ways that are realistic, holistic, and sustainable. Schools give particular attention to their greatest resource, people, by building communities where all persons are valued, respected, and enabled to use their gifts in ways that serve well the mission.

Throughout Standard 10, the concept of Mission and Money is evident.

Theological schools must have sufficient and stable resources, which include human financial, physical, technological and shared resources (Money), to achieve their Mission. All of these resources are intended to be used in the fulfillment of the WHY. Mission is the purpose for a school's existence, but the reality of Mission must be understood in relationship to and in dialogue with *sufficient and stable* resources. Certainly, a theological school can always be wanting more resources, but that desire for more may be contrary to a realistic understanding of *stable* resources. Additionally, wanting more should not be confused with needing more. Perhaps a theological school should presume the resources it has are *sufficient* and then determine what level of WHY it can accomplish with those resources.

Theological schools acquire and use the breadth of these resources (Money) in trust for the fulfillment of the Mission. Money is held in trust or stewarded for the purposes of WHY. Stewardship is the key. *Stewardship is the careful management of something that does not belong to a person. Intergenerational Stewardship is the careful management of something that does not belong solely to a generation.* Leaders within theological schools must think, decide, and act in ways such that they are caring for the Mission and Money in the long-term as well as the short-term...for the benefit of this generation as well as the generations before and to come.

Pause and Ponder: Consider the Standards call for sufficient and stable resources. Within your context, using the framework below, how would you characterize components of your financial resources? human resources? technological resources? For example, how would you characterize your net tuition revenue, annual giving, and endowment income over the last three years? What about your personnel in academics, admissions, placement, and so on?

SUFFICIENT and STABLE	SUFFICIENT but UNSTABLE
INSUFFICIENT but STABLE	INSUFFICIENT and UNSTABLE

Standard 10: The Details

In Standard 10, there is a shift to an analysis of resources (human, financial, physical, technological, and shared) with a particular emphasis on how those resources help achieve the mission. A careful reading and attention to the sections of Standard 10 will underscore the importance of stewarding the resources because the resources have value unto themselves. Even so, all of the resources are to be stewarded toward the fulfillment of the Mission and the WHY of the institution.

- Human resources represent people with gifts, skills, experiences, memories, hopes, ideas, and curiosities, who are employed and are the conduit through which the school seeks to fulfill its mission. Proper stewardship (both current and intergenerational) of people is hard work. It ensures we are caring for those employed but it also ensures those employed are best suited to move the institution forward toward the accomplishment of the current and prospective mission and vision.
- Financial resources are provided through various forms: current students through payment of tuition; current friends through gifts to support the purpose; past friends through established endowments; current partnerships through auxiliary & other revenues. The revenues generated and the expenditures incurred are always toward the achievement of the greater common purpose. Proper stewardship (both current and intergenerational) of financial resources is hard work. The expectations of revenues needs to be based upon an honest assessment of enrollment and economic realities. The utilization of resources demonstrated by expenditures needs to be toward the annual attainment of our current priorities and mission and not an ongoing commitment to a bygone way of doing things.
- Physical resources (such as a campus or building), technological resources, and shared resources are all to be identified, assessed, and implemented in effective and efficient ways in support of the mission. Proper stewardship (both current and intergenerational) of physical, technological, and shared resources is hard work. Effective and ongoing evaluation of the adequacy and appropriateness of these resources is vital to ensure compatibility with missional needs.

The individual sections of Standard 10 provide an important framework for understanding and analyzing financial resources in relation to Mission & Money.

- - The school has sufficient and stable financial resources to achieve its mission (10.3). Mission is the greater common good purpose for a school's existence, but the reality of Mission must be understood in relationship to and in dialogue with sufficient and stable resources (Money). Sufficiency of resources is tricky because wanting more should not be confused with needing more. Additionally, a theological school can always be wanting more resources, but that desire for more may be contrary to a realistic understanding of stable resources. *A Mission pursued in a constant state of insufficient or unstable Money will likely cause harm to the Mission or to those that are being served or employed.* It may also indicate that the Mission has not been right-sized to fit what can be accomplished by the stable and sufficient resources that can be consistently assured.

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- The school develops its tuition revenue and scholarship strategy in consideration of its mission, planning, financial sustainability, and potential impact on students (10.4). Schools should review their tuition and scholarships strategies regularly in light of their current mission, realities of enrollment patterns, changing student demographics, and scholarship resources. Do not continue practices of the past that might not be serving your current constituency or economic realities. Make sure these decisions are not inadvertently harming a particular group of students. Consider tuition and scholarship an actual strategy for the achievement of the current Mission.
- The school develops its endowment investment and spending strategy in consideration of its mission, planning, financial sustainability, and potential impact on the future (10.5). Schools should review their endowment strategies regularly in light of their current mission, realities of market and donor patterns, and how current spending will impact future possibilities. Do not continue practices of the past that might not be serving your current constituency or economic realities. Give due consideration to what the endowment draw is actually covering in the annual budget and make sure it is intentionally forwarding the current Mission and strategic priorities. Consider endowment investment and spending an actual strategy for the achievement of the current mission.
- The school develops its donor cultivation and giving strategy in consideration of its mission, planning, financial sustainability, and potential impact on donors (10.6). Schools should review their donor strategies regularly in light of their current mission, realities of enrollment and donor patterns, and how current decisions will impact future giving. Do not continue practices of the past that might not be serving your current missional needs, donor base, or economic realities. Give due consideration to what the annual fund is actually covering in the annual budget, ensure it is not simply a way to fill a revenue gap, and be certain it is intentionally forwarding the current Mission and strategic priorities. Consider donor cultivation and giving an actual strategy for the achievement of the current mission.
- The school prepares an annual budget and multi-year budget projections that support the mission and reflect ongoing planning and evaluation (10.3). Schools spend significant imagination, energy, and time developing mission, vision, and strategic priorities. Often the annual budget does not receive the same level of effort. The budget creation and implementation

process should not stand alone; rather, it should be the annual demonstration of effort in the direction of the mission, vision, and strategic priorities. *Budget practices are an ensnaring institutional process that drives toward incrementalism in which we add or subtract a portion of the past to get to the present.* A robust approach requires reviewing how the anticipated revenues and expenditures are forwarding the mission, demonstrating current priorities, and not holding onto or funding outdated strategies, priorities, or ideals.

- Budgeted and actual revenues and expenditures are to be realistic, holistic, and sustainable (10.3). The anticipation of revenues and expenditures as demonstrated in the budget should be a close approximation to what we as a community expect to actually occur. *Budgets should not incorporate wishful thinking or "gap accounting" whereby a gap is filled between revenues and expenditures that is simply too aspirational or ambitious.* Most work with ATS schools around economics breaks down in one of these three areas – realistic, holistic, or sustainable. Schools are often not realistic about their expenditure or revenue projections. If schools are able to be realistic, then frequently schools do not approach their budgets in a holistic manner by considering all areas of operations or they fail to incorporate items for which action has been deferred. If schools are able to project realistically and holistically, then their approaches risk being too short-term and not consider the long-term implications of decision-making. Attention to all three is required.

Budget and operational planning and practices should be realistic, holistic, and sustainable. Realistic projections are ones that are honest, prudent, plausible, and data-informed. Holistic projections are comprehensive, thorough, and incorporate all aspects of the operations of the school, including matters to which the school has deferred action. Sustainable approaches are based upon realistic and holistic measurements of revenues and expenditures that seek the long-term vitality and thriving of the Mission while also acquiring resources for the future. Budget and operational planning and practices find their greatest strength in a realistic, holistic, and sustainable perspective toward resources that attends to Intergenerational Stewardship.

- Actual operating results demonstrate a consistent pattern of surpluses over time (10.3). Budget and operational planning and practices should lead to real results that show the institution is able to live within its means as demonstrated by revenues being greater than expenditures over a period of time. Certainly, a theological school can experience deficit years, but the longer-term pattern should be surpluses that build reserves for both "rainy days" and programmatic initiatives. The surplus budgets should be sought for the benefit of the Mission while incorporating strategies identified throughout all sections of Standard 10.

Activity: Request a copy of the fiscal budget for the last three years. Ask someone to review with you the components of revenues and large components of expenditures. How have they fluctuated or not each year? Has your school budgeted a consistent pattern of surpluses over time? If so, why and how? If not, why not?

Pause and Ponder: Consider the important sections of the Standard noted above: sufficient and stable resources; tuition and scholarship strategy; endowment and investment strategy; donor cultivation and giving strategy; annual budgets that reflect ongoing planning and evaluation; revenues and expenditures that are realistic, holistic, and sustainable; and a pattern of surpluses over time. Spend some time with each to understand the individual components. Who or what team within your institution can help provide an honest assessment of each? Which represents a strength of the institution and which represents a challenge? What is something that surprised you in a good way?

Many ATS freestanding schools struggle with ongoing deficits that risk jeopardizing the long-term vitality of both Mission and Money. Data over the last couple decades would indicate that at least 50% of ATS freestanding schools struggle with this operating challenge. ATS schools that are connected to a college or university are beneficiaries of the largesse of the larger entity but also can be subject to the economic challenges of its sponsoring institution. Once more, solutions to this annual operating obstacle are complicated because many leaders do not believe they have requisite skills and expertise to address economics within a theological school. Fiscal and human realities may lead to incremental steps to address the problem and those steps may be insufficient to resolve the ongoing difficulties. As previously mentioned, the economic challenges may also be because school leaders concentrate on the HOW and WHAT instead of the WHY that keep robust approaches and answers from being developed. These challenges require seeking solutions that may seem somewhat unattainable. The common good purpose of theological education, which is the education, formation, and training of the current and future generation of leaders to act in God's world, is worthy of our efforts. *We must seek to solve for sustainability of the WHY which might require substantially rethinking our HOW and WHAT.*

Mission and Money: Not Standard 10 Alone

Finally, it is important to remember that the Standards of Accreditation are written to be read holistically, with other standards often providing broader context or more specific nuance to any particular standard. An issue raised in one standard may be raised in other standards with additional perspectives. For example, mission is introduced in Standard 1

but is raised again in every other standard, emphasizing the centrality of that issue. Similarly, resources are referenced throughout the entirety of the Standards, from mission (1.2) and integrity (1.4), to planning (2.3), to curriculum (3.8), to library (6.3), to student services (7.1), to governance (9.7). The Self-Study ideas that accompany the Standards -- and the Self-Study handbook itself -- also makes clear that resources (and, evaluation of the adequacy and effectiveness of those resources) cannot be ignored.

In addition, while the Standards are designed to focus on accreditation (ensuring that current and near-future students have access to quality theological education offered with integrity and a spirit of continuous improvement), schools must also keep in mind a trajectory that goes beyond the maximum ten-years of an accrediting cycle. The same questions that are prompted by the Standards (are we able to demonstrate that we meet these conditions now) can -- and should -- also be projected into the future (will we be able to demonstrate that we meet these conditions in the years to come). As mentioned earlier, as you think about your WHY as an organization -- and, as you think about the mission beyond the thriving of your own institution -- you must also ask about intergenerational stewardship, questions that are alluded to in the Standards if not asked quite this explicitly.

Pause and Ponder: Intergenerational Stewardship is the careful management of something that does not belong solely to a generation. As you consider your institution's use of financial resources, for example, how do you see it living into proper Intergenerational Stewardship? How do you see it doing so improperly?

This chapter may not have answered the question of "how do I write a satisfactory report on finances for the ATS Commission on Accrediting?". We hope, however, that it has helped frame these questions in ways that matter, and that help foster an ethos of curiosity and mission rather than compliance. We remind you that the Commission provides numerous tools to support the work of self-study and interim reports, including the [Self-Study Handbook](#), the [Self-Study Ideas](#), the [Guidelines for Understanding Finances](#), and, of course, the [Commission Standards](#) themselves, and of course your own Commission staff liaison is always available to help. The following sections of this guide will also include more concrete tools and strategies to help with solving for sustainability and even thriving in challenging times. Next, we turn our attention to terms, trends, and tendencies that can help you better understand your own school's situation and how this relates to the larger ecosystem of graduate theological education.

A Reflective Guide to
Mission and Money
for Theological Schools



CHAPTER 3

Terms, Trends, and Tendencies (The WHAT)

The Association of Theological Schools
December 2024

When we think about helping schools address Mission and Money, we know we need to solve for the sustainability of theological education as we seek to serve God's mission in God's world. But before we get to "solving," we need to define our terms and understand our spreadsheets. It is important to define these terms and approaches so that we can have some collective awareness and commitment to them. Some of you reading this text will already be familiar with many of these terms, perhaps because you work as a CFO or have spent time engaging this sort of material before. Feel free to skip to the next chapter if you'd like, although you may also find the following text helpful as you engage with other stakeholders for whom these terms and ideas are less familiar, and also as we explore some of the places where theological schools tend to get into trouble. In particular, we hope that you will find that the description that follows can generate thought-provoking conversations, disrupt incremental processes, and encourage a different way to build a budget in support of the WHY. Others of you might typically avoid "finance talk," thinking that it feels like calculus that is a) too hard to understand, and b) someone else's responsibility. To you, we say -- please do not skip over this section! Our goal here (discussions about finances and economics and budgets impact Mission) is to help make the switch from "calculus" to "arithmetic" -- something that everyone can (and should) understand, for the sake of the Mission.

Very often, within theological schools, there is a wide disparity in our knowledge and comprehension. It is not uncommon for the finance discussions to be deferred to the chief financial officer (CFO), the finance committee of the board, or the sponsoring college, university, or other entity. If we are going to take seriously the interdependence of Mission and Money, then such conversation cannot simply be deferred; rather, they must be embraced by all segments of the community. Equally important is that many leaders, including CFOs and board members, come from outside of theological education, and it takes some time and effort and intentional education to fully understand the economics, operations, and governance of a theological school. Finally, not all areas or persons within the school will want to engage discussions of Money, but we believe that each must engage the interrelationship of Mission and Money for the flourishing of the WHY. To that end, let us engage some important terms, trends, and tendencies of theological schools related to Money in the fulfillment of their Missions.

Understanding Budgets

When it comes to long-term economic vitality across a theological school, annual operating results is one of the most important factors that requires attention and resolve. A school must learn to live within its means - within its stable and sustainable means - to flourish. To this end, most ATS schools seek a "balanced budget" whereby Revenues = Expenditures. And, once they come up with this annual "balanced budget," many folks (including senior leaders and trustees) simply move on to the next challenge.

However, as we start talking honestly about Money, it is essential to recognize that a simple formula of **Revenues = Expenditures** may not be a sufficient or even prudent approach. Balanced budgets do not allow much flexibility to address unexpected challenges that arrive during the year. And as we all know all too well, "unexpected" challenges occur almost every year. This may be why more than 50% of ATS freestanding schools struggle with ongoing operating deficits. This "balanced budget" approach also does not allow for building reserves for a rainy day or for funding future initiatives -- reserves that are often built based upon operating surpluses through the years.

Another set of problems emerge because, in the Revenues = Expenditures equation, most schools start with Expenditures. They build off an expenditure base from the prior year to arrive at a total that must then be covered by revenues. This approach does not often allow for building in new initiatives or covering postponed items such as deferred maintenance, hiring, salaries & benefits, and so on. *This approach can also lead to incremental thinking because we risk continuing outdated or inadequate populations, processes, and practices that are built into the past without discerning whether they are serving the current and future Mission.*

By starting with Expenditures in the Revenues = Expenditures equation, schools risk being forced into "gap accounting" approach. Once expenditures are determined, then revenues must be expanded to meet expenditures. This often leads to budgetary approaches where some portion of revenues (net tuition, giving, or endowment draw) are expanded to unrealistic or unsustainable levels to fill the gap and cover expenditures.

Because many schools (1) begin with a "balanced" budget, (2) start with the expenditure side of the equation, (3) think incrementally about budget building, and (4) fill gaps through unrealistic and unsustainable revenues, the reality is that the balanced budget approaches actually often lead to **Revenues < Expenditures** and harmful deficits. If the school finds it necessary to start on the Expenditures side of the equation, then it should consider different approaches to building the budget that do not enforce incrementalism, such a zero-based budgeting. Perhaps a better way to solve for sustainability is to start with the Revenue side and build the budget starting with what the school knows to be sufficient and stable revenues as the basis for funding its annual approach to WHY. And, to get to this point, it is essential that a school begin by clearly understanding its revenue sources.

Understanding Revenues - The Core 4

Across theological schools, there are four main categories of revenues: net tuition, giving, endowment, and auxiliary & other. Net tuition is the amount paid by current students (or their benefactors) after scholarship aid has been applied. Giving is from current friends with particular emphasis for this exercise on unrestricted amounts through the annual fund and other gifts given to support the ongoing infrastructure. Endowment is the draw on capital gifts from past friends whereby we use the earnings to support mission. Auxiliary & other are revenue derived through sources outside the normal core academic programming, such as rental of facilities.

There may be some other revenue resources but, for the most part, the majority of revenues across ATS schools would fit the four core broad categories. In the most recent decade, across all ATS schools, revenues were derived from 30% net tuition, 25% giving, 30% endowment, and 15% auxiliary & other. Not surprisingly, these percentages vary depending upon ecclesial family and organizing structure. For comparative and analytical purposes, here are the relative revenues percentages across all ATS schools, by ecclesial family, by Canadian schools, and by schools related to a college or university. These are averages across wide swaths of ATS schools and individual schools can differ significantly.

	Net Tuition	Giving	Endowment	Auxiliary & Other
ATS	30%	25%	30%	15%
Evangelical	40%	30%	15%	15%
Mainline	15%	20%	45%	20%
RC/Orthodox	35%	25%	20%	20%
Jewish	75%	25%	0%	0%
Canadian	30%	35%	15%	20%
Related	35%	15%	30%	20%
Your School				

It is important for you and the community to know your school's relative revenue percentages of these Core 4. (These percentages based upon data reported to ATS over the last ten years are provided back to the school in [Strategic Information Report](#) Figure 1-9). Much like the elevator speech you have in your mind for the Mission and vision for the institution, you need to know your revenue percentages so that you could easily share

it with someone in a conversation. Study them. Know the blessings and challenges of each. Know if and how they have been changing over time. Why is this important? If you do not know these percentages or the blessings and challenges of each, then you risk taking the wrong approach in your solving for sustainability of Mission and Money. For example, if your percentages are 75% net tuition, 15% giving, 10% endowment, and 0% auxiliary & other, then you are very dependent on the ebbs and flows of enrollment. On the contrary, if your percentages are 10%/25%/50%/15%, then concentrating on growing enrollment may not have the same economic benefit.

Pause and Ponder: What are your Core 4 revenue percentages? How have they changed (or not) over the last decade? What are the blessings and challenges of each component within your context? Who or what team within your school can give you the best and most honest assessment of each?

Activity: Obtain a copy of your most recent *ATS Strategic Information Report (SIR)*. Review the Table of Contents and the Executive Dashboard. As you review it, what catches your attention? What conversations would help you potentially find answers to your questions?

Look at SIR Figure 1-9, *Amounts and Proportions of Revenues by Source*. What are your proportions of Core 4 revenues? What are the trends that you are seeing? Which revenue is most important to your school? Are you surprised? Why or why not?

Building a Revenue Budget – An Exercise to Simplify and Understand

Once you understand how your budget fits into and relates to the Core 4, you will have a better understanding of how these revenues can be impacted and influenced most significantly. It helps pull you up from all of the budget and accounting details that can seem overwhelming (think Calculus) and gives you a better sense of clarity about the resources available to fund your annual approach to fulfilling your WHY. You will start seeing a simple arithmetic equation form. For example, it might look like *Revenues = net tuition (50%) + giving (30%) + endowment (10%) + auxiliary & other (10%)*. We begin to gain a little clarity about what proportions of revenue are most important to us and which ones potentially have the greatest influence on our analysis of sufficient and stable resources.

Now that we know our revenue percentages, we can take a deeper look at each to understand their historic tendencies and build a realistic basis for anticipated revenues. Remember, we are trying to avoid the trap of "gap" budgeting, so it is important for us to have a solid basis for revenues before shifting to expenditures. Let us try an example of how we might build a realistic approach to net tuition, which represents 50%

of our historic revenues. Our ingredients for net tuition include enrollment trends and scholarship resource strategies. Enrollment trends are influenced by new admissions, new offerings, attrition, and graduations. Tuition discounts and aid is impacted by resources available through endowments, current giving for this purpose, and other resources. (Yikes, its starting to feel a little like Calculus again! This is where a little arithmetic can help.) If we look back at the last three to five years of our net tuition revenue, we start to get some useful basis for building forward by introducing the concept of confidence levels. Remember, we are also trying to build a base of revenues that is *realistic, holistic, and sustainable*. The past gives us a hint. Given a review of the last three to five years, we should be able to say at varying levels of confidence what we can expect from ongoing programs. Newer program offerings may offer lower confidence levels because of their newness so we should be slightly more conservative until a track record is established.

Let's build a simple example using a *Confidence Level Approach*. It is important to *show your work* within the community, to engage conversation partners at all levels of the institution to best understand the blessing and challenges inherent in these resources, and to have the personal and institutional resolve to stay appropriately grounded in an honest assessment. In this example, you have the last three years of actual results showing some declining net tuition amounts. You have had internal discussions that indicate no new program offerings are occurring, inquiries and applications from new students are about what they were in the prior year, and graduations and attrition have been steady. Scholarship resources have been solidly at this level for ten years. You also remember that tuition revenue is one of the easiest places in the budget to be overly optimistic and accomplish "gap" budgeting. Acknowledging the trend downward the last three years and the internal discussions you have had, you conclude that with 100% confidence the institution can still count on \$400,000 of tuition and \$300,000 of net tuition from which to build the budget. Further, you can say with 90% confidence that the trend of \$25,000 decline might continue and leave you with \$425,000 in tuition; with 80% confidence, the internal discussions have led to holding steady at \$450,000.

	FY11	FY12	FY13	100% confidence	90% confidence	80% confidence
Tuition	500,000	475,000	450,000	400,000	425,000	450,000
Scholarship	100,000	100,000	100,000	100,000	100,000	100,000
Net tuition	400,000	375,000	350,000	300,000	325,000	350,000

This confidence level approach is not intended to be based upon statistical confidence levels; rather, it is a way of encouraging more broad and honest conversations about

revenue components that understood within the community. It engages those that are responsible for the attainment of the revenue and places an understood and agreed-upon confidence level to the budget number. It attempts to keep the assessment honest and builds budgets that are more realistic, holistic, and potentially sustainable. Instead of a myriad of Excel spreadsheets, imagine conversations within the school at all levels, including the board, that indicates our budgeted net tuition revenue of \$300,000 represents 50% of our total revenue and we are 100% confident as a community that it can be attained. This exercise can be carried through to giving, endowment draw, and auxiliary and other revenues. It can go deeper within each category, if so desired. For example, tuition analysis can be done at the degree program level, or online vs. hybrid vs. residential, or by site. However deep the analysis goes, it is important to bring it back up to the place that it can be understood and quantified in as simple terms as required.

It is important to mention another reason this Core 4 and Confidence Level Approach is beneficial. It is not uncommon to see conversations and energy put toward revenue streams that will have very little impact on the institution economically. If net tuition is currently 10% of a school's revenues, attempts to expand enrollment will likely have limited impact on the overall annual results in the short-term. This is not to say that expanding enrollment is not a worthy goal. It is to say, however, that a school may not be able to correct it's annual operating results in this manner. A thorough discussion within the community about this approach to solving for sustainability of Mission and Money would be warranted.

Activity: Take a look at the last three years of budgets that were prepared by the school. As you review them, what confidence level would you have placed on each of the Core 4 represented in the budget? Take those perceived confidence levels and then see how the school did in comparison to actual results. How did the school do?

Review the current budget and budget process. How might a Confidence Level Approach be used to encourage discussions within the community? Would your budget have changed in the current year using such an approach?

Once you have taken the time to understand the Core 4 and their historic percentages and once you have applied a confidence level approach to developing anticipated revenues for an upcoming year, you have a much better chance of developing realistic, holistic, and sustainable revenues. If you have taken the time to build these revenues first, then you ready to shift to the expenditure side of the equation.

Understanding Expenditures - Broadening the Categories

The revenues generated and the expenditures incurred need always be toward the achievement of the greater common purpose or WHY. Proper stewardship (both current and intergenerational) of financial resources is hard work. As shown above, the expectations of revenues need to be based upon an honest assessment of enrollment and economic realities. There should be a clear basis for the development of anticipated revenues, it should be broadly understood, and the confidence level of their attainment should be readily repeated at all levels of the community.

We now turn to expenditures. The utilization of resources demonstrated by expenditures needs to be toward the annual attainment of our current priorities and mission and not an ongoing commitment to a bygone way of doing things. The school needs to not think incrementally in the development of the expenditure side of the equation; rather, it needs to think thoughtfully and boldly about how the annual spending of resources is commensurate with the strategic priorities and direction of the institution. It should be more than an inflationary multiplier added to a set of Excel lines. *A robust approach requires reviewing how the anticipated expenditures are forwarding the mission, demonstrating current priorities, and not holding onto or funding outdated strategies, priorities, or ideals.*

There are several strategies that could be employed to keep the development of the Expenditure side from becoming too detailed and incremental. For sure, budgets need to be developed at sufficient detail that allows for proper accounting and accountability, but those practices need not hinder the higher-level discussions of how utilization of resources (expenditures) are actually fulfilling our purpose and achievement of our WHY.

One strategy to review how the schools is spending in terms of *high-level expenditure categories*. At ATS, we collect expenditures using standard categories: instruction, research, public service, library, academic support, student services, admissions, institutional support, plant, scholarship, and auxiliary. How your schools has expended resources within these categories over the last decade and how it has changed or not can be instructive? (This data based upon reporting to ATS over the last ten years is reported back to the school in Strategic Information Report Figure 1-13). What can be even more informative is combining some of these amounts into broader categories: Instruction (instruction, research, public service, library, academic support), Institutional Support (student services, admissions, institutional support, plant, auxiliary) and Scholarship. This information is provided to the school in Strategic Information Report Figure 5-4. Across ATS schools, about 35%-45% is spent on Instruction, about 45%-55% is spent on Institutional Support, and about 10% on Scholarship. It would also be true that the institutional support costs continue to pressure budgets and schools are seeking ways to address this growing expenditure trend. Imagine clarity in discussions if we discuss spending in terms of *40% on Instruction, 50% on Institutional Support, and 10% on Scholarship*. Getting a broad community understanding of the makeup of these figures and how they have changed over time gives a greater chance of innovative discussions than ones that concentrate on the very details of the budget.

Activity: Find and review your *ATS Strategic Information Report Figure 5-4*. How have high-level expenditure categories been changing over time for your institution? Discuss with folks within the school as to why these trends are occurring. What are some of the greatest hopes and challenges identified?

Another strategy is to review how the schools is utilizing resources in terms of the **4 Ps: People, Place, Program, and Profit**. This type of analysis can be informative. People represent the portion of the budget spent on human resources. Place represents the portion of the budget spent on physical campus as well as technological resources that support hybrid and online programming (a new "place" for many schools. Program represents the remaining costs after People and Place. Although ATS does not collect annual data in these categories, our work with schools indicates that they spend about 65%-75% on People, about 10%-20% on Place, and about 5%-15% on Program. Profit, which is a reminder that theological schools should seek to generate a surplus or profit annually to build reserves, ranges from about 5% to -10% (a deficit) throughout ATS. By these percentages, it is clear that one of the blessings of a school is its people as represented by the investment made in the accomplishment of the Mission. It is also a representative challenge because people costs are 2/3 to 3/4 of any particular budget. Imagine a scenario where a schools spends 78% on People, 18% on Place, and 4% on Program with a corresponding -6% Profit (deficit) in a given year. Any discussions of finding a solution for sustainability would require addressing People and Place because Program provides an insufficient approach to correcting the negative Profit. *Any sophisticated approaches to solving for sustainability must attend to the utilization of resources on People to ensure the current mix is serving the current and future WHY and not serving the people ahead of the Mission.*

Pause and Ponder: What are your school's patterns of spending within the 4 Ps? How have they changed over time? Discuss with folks within the school as to why these trends are occurring. When you think about solving for sustainability in the long-term, what are the greatest hopes and challenges identified?

A third strategy is to think of expenditures in terms of **fixed, variable, and hybrid**. This approach is definitely more complicated and closer to Calculus, but there is a good reason to have these discussions. Very often, expenditures that we believe are fixed may not actually be. A deeper community conversation is required. Further, it is important to understand that many of the Revenues that are generated in a theological schools can be quite variable. Enrollment fluctuates influencing tuition revenue. Giving patterns often

will change based upon variables within and outside the school's ability to control or predict. Endowments are definitely prone to volatility as has been shown in the recent decades. Solving for sustainability is complicated by an environment with high-levels of perceived fixed expenditures that go along with variable revenue patterns. An analysis of Expenditures by fixed, variable, and hybrid components within the budget can be instructive. In the scenario above, if People and Place are considered fixed, then 96% of the budget has very little flexibility. Asking the question about the nature of Expenditures in this way, opens up the possibility of and need for a more nimble (and perhaps variable) approach to utilization of resources. If revenues (and enrollment patterns) within a theological school are variable, then it follows that more and more of the expenditure budgets of theological schools would also likely need be variable.

Pause and Ponder: What percentage of your budget would be considered fixed, variable, or hybrid? How have these trends changed over time? Discuss with folks within the school as to why these trends are occurring. How are fixed costs helping or hindering your pursuit of WHY?

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CHAPTER 4

Finding Your Place in the Ecosystem

The Association of Theological Schools
December 2024

The previous chapter attempts to provide some general approaches toward Mission and Money that can generate thought-provoking conversations, disrupt incremental processes, and encourage a different way to build a budget in support of the WHY. While we believe there is useful learning in engaging these general approaches, we also recognize that a "one size fits all" approach will never be appropriate or satisfactory. We acknowledge that the context of your school and the ecosystem in which it does its work and the mission to which it is called will influence many of these conversations.

A school with 50 students and a school with 500 students can engage broad conversations together about Mission and Money, but often their resourcing questions will take on a different character. In a similar way, a school that is connected deeply to a diocese, a new institution that is significantly dependent on giving, and a university-related divinity school will need to pattern their discussions around Mission and Money in ways that are relevant to their context. This is not to say that each ATS school is perfectly unique and cannot learn from others. On the contrary, we believe that one of the greatest values of membership within ATS is that there are other institutions, administrators, boards, and constituencies that are facing the same blessings and challenges that you are facing. While wrestling with the ongoing and relevant discussions of Mission and Money, there are teams within your school and external cohorts that can enlighten and enliven the conversations to deepen the impact.

Identifying your Ecosystem

Discussions around Mission and Money must look strategically at both close proximity and the horizon.

Pause and Ponder: Take a minute and reflect on the following picture and the following. What do you see? What is out ahead on the horizon? If you were the captain of the ship, in what direction would you likely steer?



There is so much going on in the picture. The currently calm seas. The movement of the cargo ship. The storm on the horizon. What way did you decide to turn? What was the basis of your decision? What additional information do you need to make an informed decision? As captain of this particular ship, you probably want to know what direction the storm is moving, how fast the storm is shifting, at what speed your ship is moving, and how wide the storm is (what's to the left that cannot currently be seen)? These are all good and important questions to be asking. And you likely need some readily available information so that a decision can be made before it is too late.

Let us go a little farther. I have often thought that if the captain is solely paying attention to the ship and not beyond the stern, port, starboard, or bow, then clearly the captain is not doing the captain's duty. If most or all of the effort is only looking inward at what is going on within the hull (certainly an important responsibility), the captain will miss important information that could be crucial for the future of the ship's Mission.

In the same way, leaders must understand their current realities as well as be able to review and assess their environment and horizon. Leaders must understand the details of the economics of their institution as well as the macroeconomic trends in North American theological education - what is going on with ATS schools. Leaders must give attention to admissions, enrollment, and graduations as they discern the tangible evidence of their Mission in the world, while also understanding these trends across the U.S. and Canada, social realities influencing the place of graduate theological education, participation patterns of communities of faith, and so on.

- What trends are occurring within a sponsoring denomination, diocese, or university that might impact applications, donations, or graduates? For example, an internal analysis of ATS data from 1990-2010 would show that declines in a denomination's attendance or membership will directly correlate with declines in a seminary historically connected to that denomination.
- What social challenges are influencing the callings of our current and potential students? How are these impacting decisions about degrees pursued?
- What are the trends in higher education and how are they likely to affect current and future enrollment trends in graduate theological education?
- What impact are inflation and interest rates having on the sentiment of potential students and their ability to afford theological education? Such economic factors increase the cost of living and the cost of (possibly necessary) borrowing for students, and these hurdles may become too high a barrier to pursue a theological degree.
- What impact are inflation, interest rates, and stock market fluctuations having on the sentiment of potential donors and their ability and willingness to give to the

school? For instance, after the Great Recession of 2008-2009, giving across ATS schools declined and it took over five years to recover to normal giving levels.

We must recognize that a theological school operates within an Ecosystem - a complex and interconnected web of organizations and people and histories and contextual settings and opportunities and challenges. *The particular ecosystem within which a school does its work will most likely have as much influence on Mission and Money as any other factor.* This reality pushes questions around the sustainability of Mission and Money deeper. Mission discussion can no longer just be about what our current enrollment is. Leaders would do well to encourage ongoing discussions about these matters to gather collective wisdom and discernment about ways in which their ecosystem impact the forward momentum in pursuit of the WHY.

Pause and Ponder: Consider your specific Ecosystem and horizon. What are the most relevant factors that are blessing your Mission? What are the most relevant factors that are challenging your Mission?

Deepening your Understanding of your Ecosystem

Because of your ecosystem, simply looking only at the current students enrolled is insufficient. Because of your ecosystem, attending only to the balanced budget of the current fiscal year is inadequate. Like the storm in the picture, your ecosystem will impact your future whether or not you acknowledge it or attend to it. You must look around and then take appropriate action. The missions that your potential and current students feel called to pursue will influence your applications and new enrollments as well as their satisfaction and assessment of your program. The needs of the churches, nonprofits, and other organizations your graduates are going to will also impact their satisfaction with and assessment of your program. Ultimately, the satisfaction with and assessment of your program will impact Mission and Money.

Reviewing the ecosystem within North American theological education also matters. As this guide is being written, ATS has more than 280 member schools. 57% are independent, freestanding schools and 43% are connected to a college or university. This ratio is changing as more and more schools that join ATS are related to a larger entity. The membership is affiliated with more than 100 denominations across Canada and the United States, and these affiliations carry with them history that blesses and challenges both Mission and Money (see [ATS School Denominational List](#)). Some schools are blessed with substantial endowments, some schools are blessed with significant and active donor bases, some schools have vibrant enrollment patterns that generate high levels of net tuition, and some schools have none of the above. Some schools have experienced enrollment growth over each of the last ten years and some schools have experienced

declines during the same decade. *One should not assume that all schools are alike; in the same way, one should not assume that their school is unique.*

Over the years, ATS has written to encourage schools to think more broadly about their Mission and ecosystem. Here are just a few recent articles that you might find of interest:

- [Economics of the Past teach us about the Present](#)
- [Finances and Covid-19](#)
- [Revenue Sources across ATS Schools](#)
- [Sustainability and Strategic Thinking in Theological Schools](#)
- [Alignment of Mission & Money](#)
- [Data Visualization and Enrollment](#)

ATS will continue to generate and provide resources to support schools in their consideration of the ecosystem.

Your Ecosystem - ATS Data Resources

In an attempt to further support these conversations, ATS has developed a number of data-related resources to undergird your work.

- The [ATS Data Visualization Tool](#) allows users to slice a variety of industry data in ways that are deemed pertinent. Currently, the tool includes admissions, completions, enrollment, finance, and personnel data. For example, a user could look at the 20-year enrollment trends across all ATS schools, or of racial/ethnic students across degrees in Canadian schools, or of female Asian students within the Doctor of Ministry across U.S. mainline schools with fewer than 75 students. The detail of analysis and inquiry is up to the user.
- The [ATS Strategic Information Report](#) (SIR) is designed to provide ATS member schools with a variety of strategic indicators to help assess their overall financial strengths and performances. The SIR can also be used as a tool in your school's strategic planning process by providing ten years of institutional data along with benchmark comparatives to other theological schools. The SIR have been developed to encourage schools to look outside themselves to see patterns (both similar and contrasting) that raise questions about Mission and Money. For example, Figure 1-9 calculates the relative revenue percentages and Figure 5-4 calculates the high-level expenditure categories referenced in the prior chapter. Additionally, most figures give a benchmark of how the school compares to other similar schools (freestanding/related, evangelical/mainline/Roman Catholic & Orthodox, size of school by FTE enrollment, and others).
- The [ATS Institutional Peer Profile Report](#) (IPPR) permits a requesting school to select 5-15 ATS peer institutions against which it will receive peer median,

average, high, and low comparisons of admissions, completions, enrollment, economic, and salary data. The IPPR allows for more precise data observation because the requesting school can determine which ATS schools it sees as peers. Like the SIR, the IPPR is designed to encourage schools to look outside themselves to see patterns that raise questions about Mission and Money. Within the IPPR, the schools can review a variety of relevant benchmarks and discern how they are doing relative to their selected peers.

- The [ATS Annual Data Tables](#) (ADT) are nearly one-hundred pages of industry-wide data on relevant metrics. The ADTs offer insight into what is transpiring across all ATS schools in relation to admissions, completions, enrollment, finances, development, personnel, salaries, and more.
- The [ATS Entering Student Questionnaire \(ESQ\)](#), [ATS Graduating Student Questionnaire \(GSQ\)](#), [ATS Alumni Questionnaire \(AQ\)](#) track demographics, levels of debt, motivations for entering seminary, satisfaction with the effectiveness of the education received, professional plans and experiences, and so much more. The reports offer perceptions from students and alumni about their experience in pursuing and attending the particular institution as well as perceptions about their own preparation. These questionnaires, when compared to the results from other ATS schools through the Total School Profiles, allow a school to see how their students perceive the institution in relation to others. This can serve the Mission as well as the Money conversation by increasing the understanding of the student experience.
- The [5-Phase Approach to Discovery](#) to complement the strategic planning process of a member school and help the school consider important issues of stewardship around Mission and Money. When a school engages a strategic process, it can be helpful to hear an external perspective that assists in placing the institution in the broader context of North American theological education. The process engages both high-level trends as well as support a SWOT (strengths, weaknesses, opportunities, and threats) analysis specifically-tailored for the school.

Each of these examples, individually and collectively, are designed to help ATS schools find their place in the broader ecology and ecosystem of theological education. A school would benefit from engaging the resources as well as other external resources to understand their context and determine the possibilities and pitfalls within their ecosystem that influence their WHY as well as Mission and Money.

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for Theological Schools



CHAPTER 5

Solving for Sustainability

The Association of Theological Schools
December 2024

Solving for Sustainability

We need to solve for the sustainability of theological education as we seek to serve God's mission in God's world.

Solving for Sustainability. Solving is the act of finding a solution, explanation, or answer for something. Sustainability is the ability to be maintained at length without interruption or weakening. Given the goal of theological education, let us understand that *solving for sustainability encompasses a search for the best way that theological education can flourish, thrive, be sustained, and demonstrate vitality through our leadership within theological schools.*

Given the realities of theological schools, solving for the sustainability of both Mission & Money can be a daunting task. Because theological schools are one of the ways the common good purpose of education, formation, and training of the current and future generation of leaders for action in God's world is accomplished, this task requires our best efforts. Because theological schools are conduits of this great task, the work needs the best thinking of persons inside and outside the school. It must include folks from all areas of the institution and incorporate the best ideas of academics, administration, admissions, board, development, donors, facilities, finance, library, student services, and...well you get the picture. We believe leaders in theological schools must solve for sustainability to best serve God's mission in God's world.

It is important to remember that school leaders must be committed to solving for sustainability that recognizes the interdependence of Mission *and* Money for the long-term vitality of the WHY of the institution. In this exercise, we will concentrate our efforts on the economic side of Mission and Money, but the principle could be applied to many aspects of strategic planning and thinking across the institution.

Pause and Ponder: Solving for sustainability encompasses a search for the best way that theological education can flourish, thrive, be sustained, and demonstrate vitality through our leadership within theological schools. Is survivability sufficient? What is a better word? Is it survivability of theological schools, theological education, or something else?

Solving for Sustainability - How to solve and show your work

When it comes to discussions of solving for sustainability in a theological school, it reminds me of my experience with Calculus. No matter how hard I tried, my best attempts often fell short. There was something about Calculus that seemed unattainable and even a bit demoralizing. I passed the class, but, more importantly, I learned some lessons that I think can be applied to our current work.

1. Refuse to use Calculus when some simple Arithmetic will suffice. Solving for sustainability of Mission & Money is complicated, but do not over-complicate it. Even though it might not seem like it, the economics of a theological school are much more like arithmetic than Calculus. Sometimes, when we are so close to a problem, we have a hard time seeing a way through. For example, understanding your Core 4 Revenues, discussing your utilization of resources as demonstrated in annual expenditures (think high-level expenditures, the 4 Ps, and fixed vs. variable costs, and working through a confidence level approach to resource building) can make the conversations more accessible. These processes encourage you to step back and consider some fundamental and simple ways of viewing your questions and realities and communicate them more readily across the community.
2. It is important to show your work. Even if you do not get to the exact right answer, there is benefit in the process of seeking the solution. Solving for sustainability of Mission & Money is complicated and will require the best thinking of those within your community. There are really smart and committed people throughout the institution and they want and need to be encouraged to engage the process of solving this challenge. Leadership and ideas can come from unexpected places as we engage folks through this process, so do not be shy about showing your work as you seek together to find solutions.
3. There are some recognizable and standard rules and approaches that can be applied to find solutions. Solving for sustainability of Mission & Money is complicated but there are some simple math concepts that you can apply that will help you to grow in your understanding. In the prior chapter, we offer some formulas and strategies that will seek to make the math less complicated and more accessible for you and others so you can begin working toward solutions.
4. Do not give up! In the end, the work that you put in is valuable and will get you much closer to a solution. Solving for sustainability of Mission & Money is complicated and will require personal and institutional tenacity, courage, and resolve to keep at it. It is important to acknowledge the human element in this process. There is commitment required from persons, teams, and governing structures. Each of these parties will have different perspectives, ideas, and challenges. An honest assessment requires courage. Keep your collective efforts on supporting the WHY.

5. Despite your best efforts, you might need some outside help. Solving for sustainability of Mission & Money is complicated and you might need some assistance from a variety of sources. There may be other schools who have tried to solve the same challenges you are facing who could be good conversation partners. There might be some experts who can lend a perspective that will help you to get unstuck. Ultimately, a solution may require the school to consider a different way of organizing or being that ensures the long-term vitality of its WHY through partnerships or an amalgamation not previously contemplated.

Pause and Ponder: In what ways have your practices, processes, communicating led to complexity in your community's understanding of sustainability? Discuss with your team how these five steps might help lessen the complexity and toward your common goals.

Building Durable Resilience - The Importance of 1.02

The importance of theological education and the missions of theological schools requires us to attend to the long-term vitality and sustainability of Mission & Money. Therefore, Revenues = Expenditures is not the most viable or practical approach. Leaders must consider building in surpluses within the institution. Surpluses are not just an economic category. Surpluses can also be generated in enrollment, in development, in personnel, and so on.

Within nonprofit settings, it is not uncommon to recommend building in a 2%-3% surplus in an annual budget. As previously noted, these surpluses allow for inevitable "misses" on revenues and expenditures and also allow for building of reserves for the future. This introduces the concept of **The Importance of 1.02**. The purpose is to build in durable resilience within the budget and other processes, which will give the greatest chance of solving for sustainability of Mission and Money in the long-term.

Theological schools should build surplus budgets, where **Revenues = 1.02 of Expenditures**. No organization, including a theological school, will experience a perfectly executed fiscal year. If that is true, then starting with a "balanced budget" will likely lead to unrealistic expectations and create the conditions of possibility for chronic deficits. Building a surplus budget (and also surplus resources within the budget) should be the goal.

Theological schools should start on the Revenue side of the equation and build a stable and sustainable base of revenues. Approaches to revenues need to be based upon data-driven realities and use community agreed-upon confidence levels. The importance in this approach is that it is community-based, shows the work, and is based upon recent trends.

Starting on the Revenue side reduces the risk of "gap" budgeting. Once confident Revenue levels are derived, then Expenditures can be built to support the achievement of the Mission. As Expenditure levels are built, hard questions are asked about the appropriateness of the spending for the current and future Mission. It also opens the possibility for changing narratives about fixed cost perspectives, seeks clarity about the 4 Ps, and determines the correct high-level category spending. Through the process, *incrementalism is recognized as counter to the long-term sustainability of WHY*. Expenditures are not permitted to meet or exceed Revenues.

The concept of confidence levels and importance of 1.02 are relevant to a variety of revenue and expenditure categories (Money) as well as enrollment and pipeline categories (Mission). Let's look at a few examples.

Admissions and enrollment goals should be derived in a realistic, holistic, and sustainable manner. Confidence levels should be applied. The importance of 1.02 exhorts the institution to build in cushion and refrain from "gap" budgeting of numbers. The potential impact on hitting or mission on enrollment (Mission) and economics (Money) should be acknowledged. For example, if based upon your team's review of your current data you can say with 100% confidence you can hit 100 head count students and 80% confidence you can hit 110 head count students, then you must resist the temptation to build the budget on 110 students. In fact, consider building the building the budget on 98 students, which provides you with the 1.02 cushion. Remember: it's not cushion for cushion's sake; rather, it is so that you can build surpluses for the long-term vitality of the WHY.

Attrition goals should be derived in a realistic, holistic, and sustainable manner. Confidence levels should be applied. The importance of 1.02 urges the institution to realistically engage discussions about student loss expectations. The potential impact on hitting or mission on enrollment (Mission) and economics (Money) should be acknowledged.

Development goals should be derived in a realistic, holistic, and sustainable manner. Confidence levels should be applied. The importance of 1.02 strongly encourages the institution to consider macroeconomic realities that impact donor abilities to give as well as the influences of recent campaigns and other competing interests. The institution is strongly encouraged to refrain from "gap" budgeting in this area when it is very easy to fall into the trap. The potential impact on hitting or missing on enrollment (Mission) and economics (Money) should be acknowledged. For example, if based upon your team's review of your current data you can say with 100% confidence you can hit \$1.0 million in annual fund, 90% confidence you can hit \$1.2 million, and 80% confidence you can hit \$1.5 million, you must resist the temptation to build the budget on \$1.5 million. In fact, consider

building the building the budget on \$980,000, which provides you with the 1.02 cushion.

Endowment draw should be derived in a realistic, holistic, and sustainable manner. Confidence levels should be applied. The importance of 1.02 exhorts the institution to realistically engage in discussions about return on investments, current and prudent draw rates, and what the draw is actually covering in the budget. The institution is strongly encouraged to refrain from "gap" budgeting in this area when it is very easy to fall into the trap. The potential impact on hitting or mission on enrollment (Mission) and economics (Money) should be acknowledged. If you rely on an endowment draw annually, take a moment and apply confidence levels and 1.02 in your context in terms of endowment values, endowment draw rates, and endowment draw amount.

...and so on....

Pause and Ponder: If you think about your utilization of resources, how close are you to the concept of 1.02? Does it shift when you think about different areas of the institution? Ask each of your team to quietly come up with a number in terms of your school's reality in measuring your overall approach to resources (1.02, 1.0, .95, or something else). Share the numbers and discuss how and why they are similar or different. Consider doing this exercise with the board, administration, faculty, staff, and other important constituencies. What do you find when they share the numbers?

Pause and Ponder: What would it take to get from where you are to 1.02? What steps can be taken to begin your journey, either incrementally or significantly, toward this reality?

This exercise may seem overly simplistic, but we want to find ways to shift our thinking about resources from calculus to arithmetic. As noted above, we want to engage our team(s) so that we can collectively show our work so that the result is understood and broadly accepted. Some of the applications and calculations are best practices for nonprofits and theological schools. If you cannot get to 1.02 right away, do not give up! This new effort will likely require time, but the long-term vitality of your Mission and the proper utilization of resources toward that WHY is worthy of your endeavors. The work that you put in today will help this generation and the next. As you do this, you might need help. It might be true that because of years of living at .95 (deficit budgeting, operating, projecting) that even thinking about 1.02 seems overwhelming and unrealistic. An external perspective can often engage you and the community to think

about possibilities and solutions that are not present when you are so close to the matter. Some of the ATS resources previously highlighted can be useful in this regard. In the end, all of these questions about Money (resources; the HOW and WHAT) is to ensure that we continue to plan, imagine, and execute in service to the Mission (the WHY).

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CHAPTER 6

Thriving Beyond – Next Steps

The Association of Theological Schools
December 2024

Leading into the Future

In early March 2020, there were some major changes afoot in Canada and the United States. Some of the distant experiences of the world started to become reality within our borders. At the time, we had little idea what it would mean to live with Covid-19. By the end of March 2020, some of the realities were coming into focus.

In early March 2020, an ATS colleague shared with me an article entitled, "[*Leading Beyond the Blizzard: Why Every Organization is now a Startup.*](#)" In the article, the authors were simply asking leaders of organizations to consider the potential impact of the changing environment. They believed that what was transpiring at the time was going to influence the way in which we did business. They posited, "We are not going back to normal."

For all of us, Covid-19 has impacted our lives. For most of us, Covid-19 has impacted the way we operate and lead theological schools. But, if we are not careful, we will place too much influence of the trajectory of theological education on Covid-19. Many of the blessings and challenges of theological education and leading a theological school existed well before March 2020. Changes in enrollment patterns, student expectations, graduate deployment, funding realities, and donor commitments were changing well before Covid-19. In fact, they were changing well before the impact of the Great Recession of 2008. *We are not going back to normal. Is there even a normal anymore?*

In conversations with leaders in theological schools, I am often thinking about the framework. Are we in a blizzard, winter, or ice age in theological education? What about the church? I have become convinced that the way in which we see our current realities will have deep influence over our strategic thinking and action within a theological school. Let's take a bit of a deeper look at the framework.

A blizzard. I grew up in southwestern Pennsylvania and have experienced a few blizzards. One particular storm was 24" of snow in 24 hours. At that level of snow, there is not much you can do. The effort required to dig your way out would be extraordinary and unsustainable. The best you can do is hunker down, drink some hot cocoa, and wait it out. Eventually things will slow down. You can wait for things to return to normal.

A winter. I have also experienced more than 50 winters in Pennsylvania. I love winter but it would get cold. As we prepared for the impending winter, we would split lots of firewood. There is nothing like a hot fire in the fireplace on a cold winter day. We knew winter was coming. We prepared for it by making a few adjustments. Realistically, however, we knew that in about four months, spring would return. We could count on it. We knew that soon warmth would return and we could go back to normal.

A little ice age. Not something that I have experienced in Pennsylvania. Not sure what it would be like but it does seem that if I knew we were in an ice age, some changes would be required. I am not sure what normal would be, but likely waiting it out for a few days like a blizzard or waiting it out for a few months like winter

would not be wise. We would not have the promise of returning to normal and we would have to face perhaps a new normal.

	Length	Experience	Action	Picture
Blizzard	days	extraordinary but unsustainable	short-term & wait it out	
Winter	a season	human and social adjustment but promised return	transitional but wait for spring	
Ice Age	many seasons	reshapes reality and existence	long-term & adaptation	

I think you can see how the framework could be helpful for leading in a theological school. And our perspective of our current experience will likely impact our thinking and actions.

- If we believe what we are experiencing is a blizzard, it will be a very rough short period of time, but we can simply wait it out and everything will return to some semblance of normalcy. It would not be possible for us to take any sustained action to rectify the challenge, so we have no choice but to wait.
- If we believe that we are experiencing a winter, it will be a sustained period of potential uncomfortableness, but after a time we will return to the promise of spring. We need to make no major alterations.
- If we believe that we are experiencing a little ice age, then we must acknowledge that things have changed. We can try to deny it but we will not be able to outlast it. Some major adaptation is required for survival and for thriving.

Pause and Ponder

As you think about this framework, do you think theological education is experiencing a blizzard, winter, or little ice age? Do you think it was brought on by Covid-19, the Great Recession or 2008, or something else? How has it impacted the WHY of your work?

As you think about this framework, what about the church, higher education, and other factors that influence a theological school and the persons you serve? How should it impact the WHY of your work?

How do the answers above influence strategic thinking and action in your school?

Where Do We Go From Here?

Where do we go from here? Perhaps the best way to consider this question is to go back to a photo for some further reflection. Stop and reflect on the photo and imagine you are the captain and crew and need to determine what course of action to take. Imagine further that the ship is your school and the horizon is your environment and you need to discern what course of actions to take.



Pause and Ponder:

What direction did you decide to go? How can this metaphor be instructive as you consider leading a school, evaluating your environment, and taking action? What other members of the crew (school community) could you reach out to in order to discern the right direction?

The captain and crew must always be making a candid and objective assessment of where the ship is in relation to its surroundings. They must make adjustments based upon wind and waves and storms. They must take into consideration the current reality and the horizon. The assessment has to be honest. It cannot be what the captain and crew wants the forecast to be; rather, their decisions must be based upon what they best understand current reality and the potential forecast to be. In light of that assessment, on some occasions, the captain makes deliberate incremental and sometimes imperceptible movement that is necessary and impactful. On other occasions, the captain makes deliberate significant and noticeable movement that is necessary and impactful.

This concept was driven home to me in a recent trip that I was blessed to take. In early 2023, I took a ship from the southernmost point of South America across the Drake Passage to Antarctica. During this trip, the captain and crew must navigate the ship across waters where waves can reach thirty feet, winds can exceed fifty knots, and currents can push the ship quite easily. For the safety of all, the captain and crew had to

deal with reality simultaneously in the present and in the days ahead. Here are some of the experiences of the trip that I believe are appropriate metaphors for leading an institution.

- Pay attention to and make an honest assessment of your horizon. Not what you want it to be but what it really is. An honest assessment will help you decide how to best proceed. As mentioned above, the wind and waves were serious. Not dealing with reality was not an option. Taking the horizon lightly could have serious consequences. In the same way, because of the missions of theological schools, leading them is serious and consequential work. The mission is influenced by many internal and external factors. The underlying resources to support the mission are impacted by circumstances both in and out of our control. Leaders must be constantly understanding and navigating these influential components, determining the impact on both Mission & Money, and honestly stewarding them forward in support of the WHY.
- Do the work now that has the potential to set up for future success. On the bridge, the captain and crew were discussing and implementing strategies while guests were enjoying wildlife, listening to lectures, eating, or sleeping. It was not uncommon for us to go to sleep at night to the rocking of substantial waves only to wake up the next morning in some calm locale. As part of intergenerational stewardship, leaders must do the hard work now that will create the greatest potential of long-term vitality of the WHY. Some steps may be profound and subtle and go unnoticed. Other actions may be significant changes to administration, academics, or resource allocation. Still other actions may be finding partnerships or amalgamations or even discerning that the best way to continue the WHY is to close and to utilize remaining resources in support of others.
- Sometimes the best approach is to go through the wind and waves to get to where we need to be. There were a number of times when the captain alerted us that we were going to have to go through some significant weather and surf to arrive at our ultimate goal. Staying where we were was not an option because the forecast was not good, so it would be better for us to move and push through what was ahead so that we could find a more sustainable path and place to anchor. Hard work is...well...hard but very worth it. The more significant the goal the higher the stakes. As we discussed previously, participating in the preparation of people for God's purposes in God's world is a lofty purpose. As a result, all of us must do the hard work to find mission and economic vitality in the long-term. In the short-term, it will likely mean difficult discernment and actions around new patterns for operations, governance, and academics. In the intermediate, it will most likely impact people, place, and programs. The longer we delay decisions, the harder and more costly those choices become.

- Other times the best and smartest approach is to hold against the wind. After doing an assessment of the horizon, the captain determined that there was in fact no safe place to go, so we simply found a bit of a buffer zone tucked near a mountain while we waited for the mighty winds to subside over 24 hours. Sometimes the best course of action in a school is to go to a holding pattern for a time while we wait for a better assessment, discernment, and clarity. The key is that even in this holding pattern leaders need to be actively engaging the environment to ensure no damage or worsening of circumstances occurs.
- No matter how much you prepare, you still may not be able to fulfill your goal and course adjustments and corrections will be required. On two days, the ship headed to a particular section of Antarctica only to find that the wind was too strong for us to safely disembark and we had to head to a different location. In a similar way, your school might set out on a strategic direction that is deemed best at the time, but leaders must be dedicated to making course corrections when results are not achieved or better information becomes available.
- The presenting issues you may face may not actually be the issue. We saw icebergs the size of football fields and were reminded that often the ice above the water is only about 10% of the entire iceberg. As you seek to address a challenge, you might find that the issue that has presented itself is not actually the issue. In many cases, the real issue is deeper and less evident. Leaders must continue to ask thoughtful questions to go deeper in institutional research and analysis and not simply accept superficial perceptions.

Final Thoughts and Deeper Questions

Sometimes the best approach to deciding on a course of action is to consider some really important questions. As this guide comes to a close, we encourage you to pause and ponder one last time...and do it with some colleagues. Create some intentional space for you to discuss these questions and do not accept easy answers. Really delve into them and think about them. Give an honest assessment. Look at your surroundings. Find and listen to folks who might have a different perspective. Work together to find some common understanding and with this honest assessment and common understanding, start pressing into the waves and pushing through the wind. The actions you take today will certainly benefit generations of the past, present, and future. Acknowledge the need to move and do so with the best understanding of your environment. As you do, remember the importance of the WHY, be intentional about the interdependence of Mission & Money, acknowledge the resources that you have and not what you want them to be, and be an intergenerational steward of the common good purpose.

Pause and Ponder – Take some dedicated time by yourself and with colleagues to think through these questions. They are based upon some of the thoughts within this guide. Most importantly, the guide and these questions will likely prompt other questions that are deeply relevant for your school, your context, and your ecosystem.

MISSION

- Have we clearly defined and articulated our WHY?
- Have we done an honest assessment of our current mission in light of our horizon and environmental realities?
- Have we considered the interdependence of Mission & Money within our context?
- Have we determined if our stewardship honors generations of the past, present, and future?
- How does your ecosystem support and challenge enrollment, finances, and your direction forward?
- How can we take actions now that will help us thrive in future possibilities given our current realities?
- In light of the above, are we organized, structured, governed, and leading in the best way to accomplish our WHY?

MONEY

- Have we made an honest assessment of our resources (human, financial, physical, technological, shared, and so on) that we have available to fulfill the mission?
- Do we discuss the resources we actually have or do we often discuss the resources we wish we had? How does that influence our honest assessment of Mission & Money?
- Have we evaluated how our budgeting and resource allocation processes might be undermining strategic priorities and encouraging incrementalism?
 - Does our budget truly balance?
 - Is a balanced budget really our best approach?
 - Does our budget start with expenditures? Does this encourage us to make simple and incremental adjustments?
 - Does our approach continue outdated or inadequate commitments to populations, processes, and practices?
 - Does the community truly understand our revenue model? What are the blessings and challenges of each?
 - Do we directly or indirectly encourage "gap" budgeting?
 - Can we consider the Importance of 1.02?
 - What bold steps might we take to encourage Intergenerational Stewardship in fulfillment of the WHY?

Leading Forward

- Is theological education experiencing a blizzard, a winter, or a bit of an ice age? What about higher education? What about the church and other constituencies that our graduates serve? How do these answers impact our strategic thinking and action?
- As you consider an honest assessment of your environment (what it truly is and not what you want it to be), how does it impact your current allocation of resources in fulfillment of your current and future mission?
- What bold steps might we take to encourage Intergenerational Stewardship in fulfillment of the WHY?
- What other questions does this exercise generate for you?