

Mission, Models, and Money:
An Empirical Analysis of Graduate Theological Education

Author Note

Abstract

This article explored the state of the industry of graduate theological education using three key measures: accessibility, affordability, and financial sustainability. Access was analyzed in terms of educational modality and student populations. Affordability was investigated through tuition discounting and student educational debt. Financial sustainability was examined related to operating results, cost to educate a student, and revenue sources. The analysis found areas where theological schools are successfully expanding access and pushing for affordability. It also demonstrated areas where there is significant work to be done in terms of affordability and financial sustainability. The article includes a thorough history of use and exploration of data among The Association of Theological Schools and a list of recommended actions for schools to take to understand the implications of these key metrics.

Keywords: access, affordability, financial sustainability, educational modality, student demographics, tuition discounting, educational debt, institutional finances

Mission, Models, and Money: An Empirical Analysis of Graduate Theological Education

The Association of Theological Schools (ATS) has been serving graduate theological education since 1918, when the first conference of theological schools gathered to discuss issues of the day. ATS began accrediting schools in 1936, collecting data in the 1940s, providing resources to support faculty development in the 1960s, offering leadership education programming in the 1970s, and implementing institutional initiatives in the 1980s. Each of these efforts was intended to strengthen theological education throughout Canada and the United States. As represented within the ATS membership, the collective work has grown from a small conference of schools in 1918 to an association of nearly 280 theological institutions seeking to discern how to best relate to and serve the broader world, academy, and church. Each of these institutions, encompassing a broad range of theological identities, educational approaches, and resource allocations, seeks to fulfill their missions with integrity and durability.

The mission of ATS is “to promote the improvement and enhancement of theological schools to the benefit of communities of faith and the broader public” (2024). As such, it has long been seen as a resource for theological schools serving North America. The institutions acknowledge that their ability to fulfill their callings is appreciably improved because of the interaction with others who are seeking to accomplish their missions in similar ways. Collectively, these schools educate many of the theological leaders that will serve communities of faith, nonprofits, and other organizations in Canada, the United States, and the world. In fall 2023, nearly 77,000 students were engaged in theological education through the ATS member schools. The missions of these schools have been and

continue to be integral to ensuring a trained and qualified leadership for the church and beyond.

Throughout the last century, theological schools have sought to fulfill their mission, vision, and core purposes ("Mission") using different academic, economic, organizational, governance and ecclesial models (collectively, "Models") and utilizing diverse configurations of human, academic, financial, physical, technological, shared, and other resources (jointly referred to as "Money"). Through these years, theological schools have adapted their Models and use of Money to best serve the missions to which they have been called. The consideration of Mission, Models, and Money has been essential to the work of ATS as it seeks to promote the individual and collective improvement and enhancement of its member schools, which, in turn, seek to assist and support others to fulfill their vocational callings.

Mission, Models, and Money: An ATS Historical Perspective

In the inaugural gathering of ATS schools in 1918, a group of seminary presidents met to address the challenges of the day and consider how their seminaries might play a role in speaking into these issues. According to Glenn Miller (2008), who wrote about the first ninety years of ATS, "When the presidents of the seminaries got together, they talked, and as they did, they discovered that they had some of the same problems and dilemmas. In many ways, they did not have an agenda or program. Instead, they had common questions..." (pp. 2-3). Over time, their gatherings and shared questions led them to seek additional information in support of their mutual desire to serve better the church, the academy, and the world.

In 1924, the schools took steps to assess the state of theological education. Robert Kelly (1924) led a study of 161 schools and found them to be underfinanced,

underenrolled, and poorly equipped. His report concluded that there were too many schools that operated below the standards required for religious leaders in the contemporary church *and* that the schools did not have sufficient resources to accomplish the task. As a result of this report and other collaborations, ATS began accrediting institutions in 1936, with the main emphasis on the resources schools had available to fulfill their missions. Resource assessment centered on faculty, library, economics, campus, and students. From the early stages of ATS, the questions surrounding the Mission, Models, and Money were being raised. Questions were easy to raise but answers were harder to find.

From the 1940s and forward, ATS has gathered annual data from its member schools, and this database has become *the* data source in understanding North American theological education. Beginning in the 1960s, ATS has published either the *Fact Book on Theological Education* or its successor the *ATS Annual Data Tables*, which offers a broad-ranging understanding of trends regarding admissions, enrollment, completions, student demographics, faculty demographics, salaries, and so on. Data from ATS have long given schools an opportunity to assess and benchmark themselves against others to gain awareness of how their missions, models, and resources compare. The general public, including news media, judiciaries, and funders, has found ATS data a compelling resource in understanding trends impacting graduate theological education. It is these data and the surrounding analysis that began to help industry constituencies understand the strengths and challenges of theological education in North America. It is these same data that form the basis of the analysis within this article.

In the late 1960s, ATS commissioned a group of financial experts led by Warren Deem (1968) to analyze the state of graduate theological education. Among other data,

the Deem Commission utilized the ATS annual data that were collected. The four main challenges discovered by the Deem Commission were declining student enrollment, reduction in student to faculty ratio, small average size of seminaries, and increasing costs per student. Despite these financial and operational challenges, Deem concluded that most seminaries would likely survive, but he questioned whether survival was sufficient given the significant aims and purposes of theological schools and the students they serve. The foundation for evaluating the organizational, educational, and economic models and practices most appropriate for attainment of mission within theological schools were being laid.

As a result of the Deem Commission and other influences, ATS sought to support the professionalization of the roles within seminary administration and, therefore, formalized its leadership programming for presidents in the 1970s. As it became evident that theological schools needed to attend more seriously to issues of resources in support of the mission, ATS expanded programming to development officers in the 1990s, academic and financial officers in the early 2000s, and student personnel and other administrators in the late 2000s. This expansion in training leaders within ATS member schools was built upon the premise that (1) trained leadership in ATS schools increases the potential for thriving missions within those schools and (2) thriving missions of theological schools are critical to providing strong future leadership to the church and society. Additionally, schools needed to be encouraged to pursue robust assessment and attend to the longer-term resourcing structures undergirding their missions for sustained and lasting impact. The conversations and attention to mission and the resources and structures required to best support the core purposes of theological schools deepened.

In the 1990s, the collaboration between ATS and the Auburn Center for the Study of Theological Education (Auburn) was forged, and research on theological education and the capacities of school and administrators commenced in sustained ways. Auburn completed a number of studies on seminary leadership, finances, students, graduates, faculty, and student debt. Almost all of these studies supported a robust assessment of the models and resources utilized in support of the mission. Many included both commendations and concerns impacting mission, models, and money (S. L. Miller, Ruger, & Wheeler, 2009; Ruger, 2005; Ruger & Meinzer, 2014). Additionally, through the same ATS-Auburn collaboration, the *ATS Strategic Information Report* (SIR) and the *ATS Institutional Peer Profile Report* (IPPR) were created. These reports, which are produced from the annual data collected by ATS, are provided to theological school leaders to expand the resources available for institutional assessment.

Through the 2000s, ATS made the SIR part of its leadership programming to CEOs, CAOs, and CFOs. Schools became more familiar with the benefits of the SIR and IPPR, which include opportunities for benchmarking and comparison of trends in the areas of admissions, enrollment, graduations, finances, development, salaries, and more. As schools learned the benefit of the reports and the resulting organizational assessment that was possible, greater attention to resource questions emerged.

Beginning in the late 2000s, ATS administered a set of initiatives that were centered around theological school missions and their required resources. The *Economic Equilibrium in Theological Schools* project (Graham, 2015) engaged cohorts of 27 schools around Mission, Models, and Money. Each school was asked to commit two years with a team comprised of a board member, their CEO, and their CFO. Through these initiatives, ATS identified underlying issues that resulted in chronic financial stress, patterns of

institutional responses that could reduce the impact of this stress while schools are seeking remedy, and patterns of institutional effort that could provide for healthier financial futures for these schools. Through the projects, ATS put forth *20 Tips for Achieving Economic Equilibrium* (The Association of Theological Schools, n.d.), which remain relevant to this work. Although subtle, the projects also represented a shift in ATS efforts around Mission, Models, and Money. ATS, Auburn, and the In Trust Center for Theological Schools (In Trust) had a collective accrual of wisdom around these issues, and the projects were designed to put the collective wisdom to practice within the gathered 27 schools. Each cohort met over a two-year period, received coaching, and were called to take action on their perceived challenges. The framework of (1) clarification and collective understanding of issues, (2) coaching through potential options, and (3) a formal call to action came out of these projects. In the years that followed, this framework informed the approaches ATS implemented and refined with schools in shaping efforts around Mission, Models, and Money. From 2008 to 2020, ATS schools were really put to the test. They would start the period with the impact of the Great Recession of 2008 and finish the period with the realities of the Great Pandemic of 2020.

In May 2009, ATS gathered a cohort of chief financial officers from member schools as well as representatives of ATS, Auburn, and In Trust. Participants agreed upon ten fundamental realities facing theological schools (Graham, 2015) that were exacerbated by the Great Recession, and these assessments have become part of the accrued wisdom around Mission, Models, and Money. The assessment of these industry leaders was spot on and continues in and through the work of ATS. For example, schools are now seeking to be more data-informed in their decision-making; analysis of these data requires expertise that is either in-house or contracted; and organizational stresses are an

opportunity to ask hard but important questions about Mission, Models, and Money. Furthermore, increasing enrollment or revenues indefinitely in light of broader industry trends is not wise, and this reality requires strategic and financial planning that is thoughtfully flexible and adaptable in support of the mission. For most schools, the adversities brought on by the Great Recession only exacerbated already existing trends of enrollment and economics. The crisis was not the cause of these challenges, but it created a watershed that could not be ignored.

Likewise, the impact of the global pandemic of 2020 has intensified the overall prevailing trends around enrollment and economics within theological schools (Meinzer, 2020, May). Schools have explored a range of approaches, from resets that partner educational and financial reform (Sleasman, 2021, Spring) to doubling down on reasons for doing theological education (e.g., Meinzer, 2024, January; Young, 2023, Winter) to leaning into multi-pronged approaches that attend to enrollment, finances, and programmatic innovation (Gin, 2020, May) and many others. The consequences of the period of 2008-2020 have required adaptive and not merely technical adjustments, and some of these changes have been quite beneficial for the system while others have been taxing. In the end, the impetus of the period has resulted in a clarion call to enact real changes in terms of Mission, Models, and Money, and for ATS to take a more active role in this plea. Because the purposes and aims of theological schools are to serve the greater purpose and aims of their missions, the adaptation of Models and Money to best serve our current world given an honest and holistic assessment of current institutional realities with a forward-looking view is paramount.

Mission, Models, and Money: A Current Assessment

Overarching Challenges

Enrollment and economics in theological schools remain primary concerns for leaders and boards. Much attention needs to be given to find new ways to address these challenges in support of the Mission and vision of the institution *and* in support of the students and other constituencies being served.

Enrollment

According to data collected by ATS from its membership, in 2000, there were about 72,500 students enrolled across 243 ATS schools. Enrollment hit an all-time peak between fall 2004 and fall 2006 when there were more than 80,000 students enrolled across about 250 schools. Since that time, even with ATS adding more member schools, the enrollment has remained under 80,000 students. The low point in the last twenty years was just under 72,000 students in fall 2014 enrolled in 273 schools. In fall 2023, there were about 76,000 students enrolled in 274 schools. The number and composition of ATS schools has not been static across these years, and this has added to some of the fluctuations in enrollment counts. Nonetheless, for most ATS schools, maintaining or growing enrollment has been an ongoing challenge. Over the last two decades, on average, 45% of ATS schools grew year-over-year and 55% declined when comparing total enrollment. This overall enrollment decline is further reflected in the median size ATS school, which has gone from about 180 students in fall 2000 to about 130 students in fall 2023.

Economics

Equally difficult are the economic realities of ATS schools. The Deem Commission findings (1968)—declining student enrollment, reduction in student to faculty ratio, small average size of seminaries, and increasing costs per student—still exist today. The ever-

present economic challenges make it difficult for ATS schools to live within their means. Each year, about 50% of ATS freestanding schools struggle with operating deficits, and some of these deficits are significant. ATS schools related to a larger college or university, by contrast, do often benefit from economies of scale found in connection to the larger entity, but these benefits can be impacted by the relative economic strength or weakness of that larger entity. Changes in leadership or financial realities in the larger entity can influence the economic expectations.

Given these challenges in both enrollment and economics, this essay provides a landscape view of the industry of theological education, particularly over the last decade, to address two questions:

1. What is the current state of finances and enrollment for schools providing graduate theological education in North America?
2. Where are schools finding success and where are they not?

To attend to these questions, the article focuses on an analysis of key measures of institutional health, using a framework outlined by Rine & Guthrie (2016), modified for theological education. We look at data that reflect changes schools are making in three areas: access, affordability, and financial sustainability.

Changes Needed to Address the Challenges

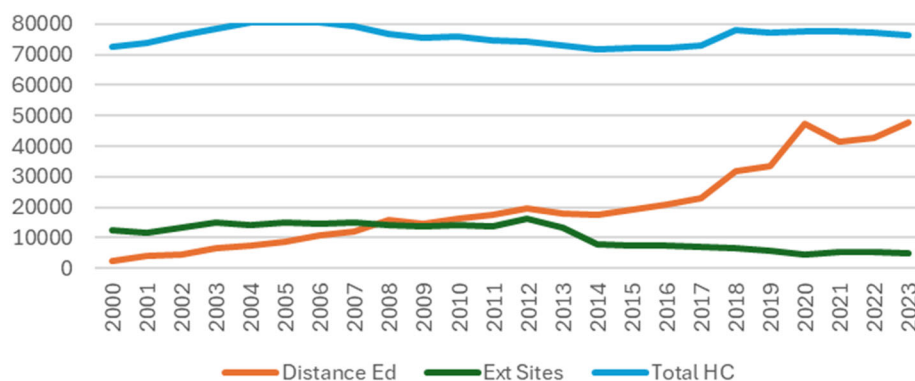
Given the realities of changes within the schools, society, and the church, school leaders must seek adaptive changes in how they are organized and offer their education (Models) and how they deploy or redeploy their human, academic, financial, physical, technological, and shared resources (Money).

Access

Educational Modality. Historically, students were expected to fulfill the requirements of their education in a campus setting. Prior to 2000, this meant that a student was either attending classes at a main campus or an extension site. There were no schools approved to offer distance education even as late as 1997 (Tanner, 2018, Summer). As shown in Figure 1, in 2000, total enrollment in ATS schools was about 72,500, with about 17% of that enrollment or 12,500 being enrolled in extension sites of schools. Only about 3% or 2,300 were reported as taking some form of distance education. From 2000 to 2014, the number of students participating in some form of distance education grew to about 25%. From 2014 forward, the number of students taking part in distance education grew from 25% to 63% of all enrollment, with nearly 48,000 of the total 76,000 students recorded as distance education in fall 2023. At the same time, students enrolled at extension sites has steadily declined since its peak in 2012. In fall 2012, about 22% or just over 16,000 students were attending extension sites. As of fall 2023, only about 6% or about 5,000 students were still enrolled in extension sites as their main form of education.

Figure 1

Head Count Enrollment, All ATS Schools—Total, Distance Ed, and Extension Sites

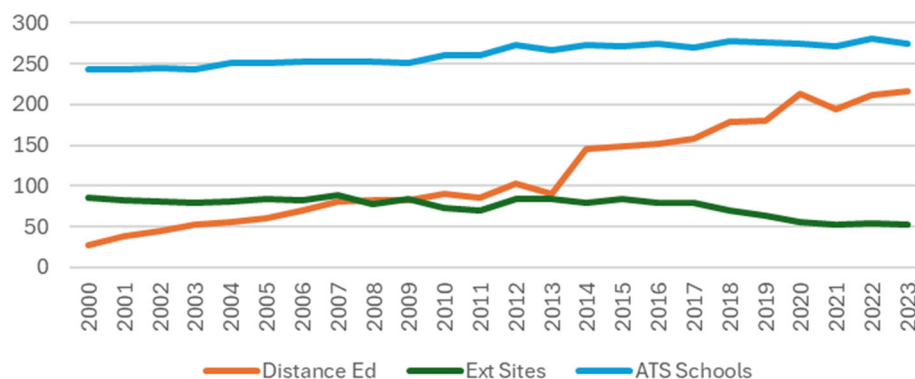


In both cases—extension sites and distance education—schools are expanding access for their students. The models of education for each are different and require adaptive planning and execution. The rapid acceleration of distance education was occurring well before the global pandemic, but it has been heightened since by student expectations. It should be noted that the rapid growth of students participating in distance education (orange line) has not led to growth in overall enrollment (blue line) across ATS schools. For the most part, distance education has not led to overall enrollment growth; rather, it has mostly been a catalyst to a change in modality to meet current and future student expectations.

Another way of analyzing this change in modality and expansion of access is to look at the actual number of ATS schools that offered either extension site or distance education. Figure 2 shows the total number of ATS schools offering extension site education and those offering distance education from 2000 to 2023.

Figure 2

Number of All ATS Schools Offering Extension Site and Distance Education



While there has been fairly steady growth in the overall number of ATS member schools, those offering distance education has grown markedly. In 2000, only about 10% of the ATS schools were offering some form of distance education. At that time, schools

were only able to offer either occasional courses or some form of ongoing courses but no full degree. By 2023, about 80% of ATS schools were offering distance education, with many offering full degrees in this modality. With this increase in distance education, the number of ATS schools offering extension site education has decreased in a similar trajectory to Figure 1, with 2023 being the lowest point for the entire period.

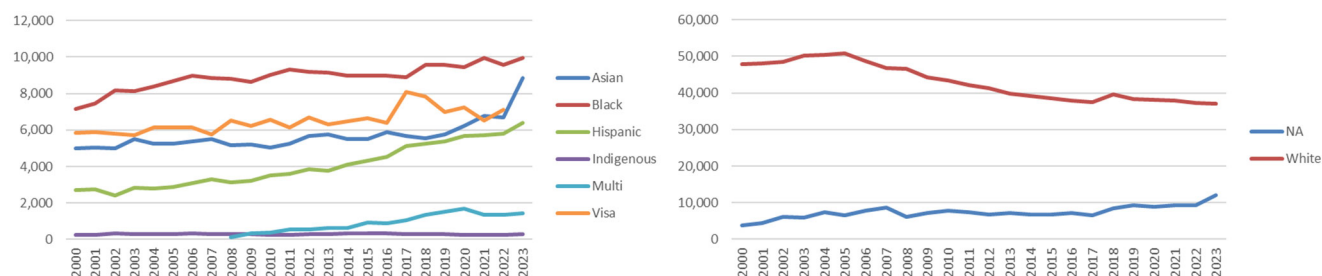
While perhaps more slowly than in other parts of higher education, ATS schools have been adjusting their educational models to align more fully with the current realities and expectations of the students they serve. Many of the educational forms and approaches offered now were not available in 2000. These changes in educational modality have expanded access to students by allowing the students to attend graduate theological education without requiring the students to leave their existing communities and context. In a variety of ways, schools have adapted their educational models to meet the needs of students and lifelong learners but are still in the process of revising other areas of their Models and Money, including student support services, scholarship approaches, and resource allocation. In other words, while some of the educational models and practices have been pressed to meet the needs and expectations of current learners, in many schools, the underlying support services, human resources, and financial practices still require some work to best serve this new reality.

Student Populations. Theological schools have also been expanding access to more diverse student populations, and each population has reflected fairly steady growth. Figure 3 below shows head count enrollment by race/ethnicity across ATS schools from fall 2000 to fall 2023 so that the trends are easily visible. Figure 4 reflects the enrollment for White non-Hispanic (White) students and for those students for whom race/ethnicity is Not Available (NA). Each year, a notable number of students are reported with their

race/ethnicity as not available either because the school is unable to collect or report such data for legal reasons or it is simply unknown.

Figures 3 and 4

Head Count Enrollment by Race/Ethnicity, All ATS Schools



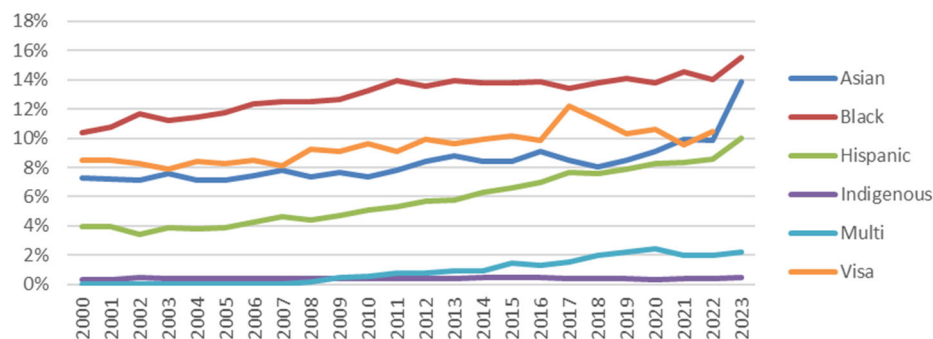
From fall 2000 to fall 2023, Asian-decent or Pacific Islander (Asian) students have grown from about 5,000 to nearly 8,900. Black non-Hispanic, African American, and African Canadian (Black) students have grown from around 7,200 to just over 9,900. Hispanic, Latino/a, and Latin@ (Hispanic) students have grown significantly from 2,700 to almost 6,400. Indigenous, Native North American, First Nation (Indigenous) students have been fairly steady at about 300. Multiracial (Multi) enrollment began being collected in 2008, and these students have grown from just over 100 students to about 1,400. Visa, which represents international students from a variety of countries, was collected from 2000 to 2022. These students have always been a substantial part of enrollment within ATS schools and grew from 5,800 students to about 7,100 students in 2022. With the data collection process in fall 2023, schools are now asked to count international students within their various racial/ethnic categories and separately report international versus domestic status.

Because of the steadily growing racial/ethnic presence across ATS schools and the steadily declining number of White students, the relative proportions of enrollments across ATS are becoming more diverse each year. Figure 5 demonstrates how the relative

percentages of racial/ethnic students have changed across all ATS schools. Of the students for whom race/ethnicity is known, 70% were White in fall 2000 and 58% were White in fall 2023. Within ATS schools, nearly four out of ten students are persons of color.

Figure 5

Relative Head Count Enrollment by Race/Ethnicity, All ATS Schools



ATS schools have been attending to increasing access in two important ways—changing modalities and growing racial/ethnic presence in student populations. These changes are in support of their Mission, will require reconsideration of many of their Models, and will continue to influence their use of a variety of their resources (Money).

Affordability

Tuition, Scholarship, and Discounting. There are a number of ways to measure affordability within theological schools. One relevant measure is the tuition and fees charged for attendance. For theological schools, another measure is the tuition discount applied to reduce the tuition and fees through scholarship aid. Tuition discount represents the percent by which the tuition and fees are reduced through scholarship and discounting. Net tuition is found by how much the student is expected to pay after scholarship and discount is applied.

In Figure 6, you see the gross tuition and fees charged for Master's degrees by ATS schools across the last decade. The figure reflects the 25th percentile, 50th percentile (median), 75th percentile, and average of gross tuition and fees charged to Master's students. This would be the charge before any scholarship or discount. During the decade, the median increased by 8.1% and the average increased by 16.4%. These changes occurred in a decade where the U.S. Consumer Price Index (CPI) increased by 28%, the Canadian CPI increased by 25%, and the U.S. Higher Education Price Index increased by 32%. While the gross tuition charges for Master's students across ATS did change, it did not keep up with inflation. This is likely due to either a real or perceived price sensitivity in an industry that (1) is trying to do its best to keep costs down for students that are already in ministry or will be pursuing some form of ministry or social good upon graduation and (2) is aware of the challenges of maintaining levels of enrollment of the past.

Figure 6

Gross Tuition & Fees for Master's Degrees, All ATS Schools

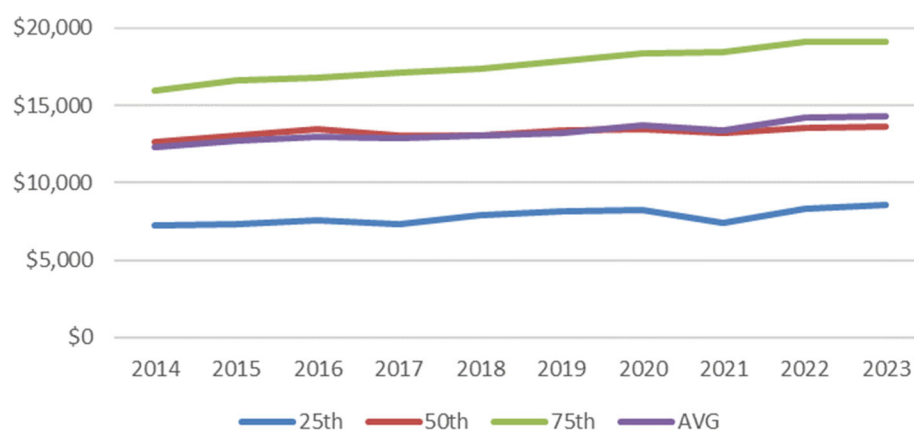
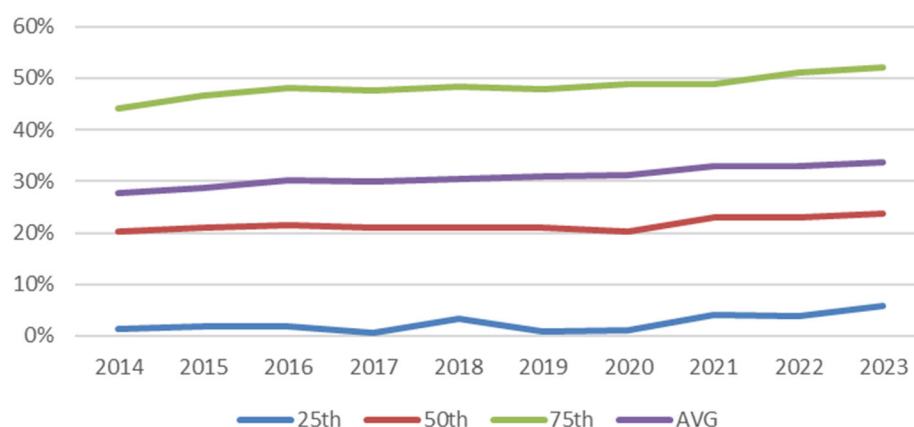


Figure 7 shows the level of scholarship and discount as a percentage of the gross tuition, known as tuition discount. For example, if a school charged \$1,000 for tuition and

then provided a \$250 scholarship, the tuition discount would be 25%. The table reflects that, as with higher education generally (Moody, 2023, April 25), ATS schools have been deepening their discounts steadily across the decade, with notable moves in the most recent year. It is important to keep in mind that these discounts have been expanding during a period of time when most ATS schools are not growing. Growth in tuition discounts alone do not guarantee enrollment growth.

Figure 7

Tuition Discount for Master's Degrees, All ATS Schools



Certainly, providing scholarship aid to theological students is a grand gesture and an important practice. However, in many cases, ATS schools are employing deeper discounts to either drive enrollment or reduce student indebtedness. ATS data analysis indicates that increasing tuition discounts does not necessarily increase enrollment or decrease student educational debt incurred in seminary. (See next section for discussion on student debt.) The above changes in tuition discount have occurred while overall enrollment has been fairly flat. To further assess this trend, we looked at ATS schools that either increased or decreased their tuition discount for Master's students over the last five years and compared that to their enrollment trend. For comparison, 35% of ATS schools

have shown increases in Master's enrollment when comparing fall 2019 to fall 2023, which means that 65% of ATS schools have shown decreases in Master's enrollment. Table 1 below shows that increasing the tuition discount during the period led to similar results as lowering the tuition or keeping it the same. The differences in enrollment change by tuition discount change were not significant, $X^2 (2, N=254) = 0.22, p = .89$.¹ While every scholarship dollar is important to students who will be pursuing ministry and social service duties after graduation, it must be noted that changing the discount rate has little impact on Master's-level enrollment. There are other factors influencing these trends that must be explored by an institution.

Table 1

Master's Enrollment & Tuition Discount, 2019 to 2023

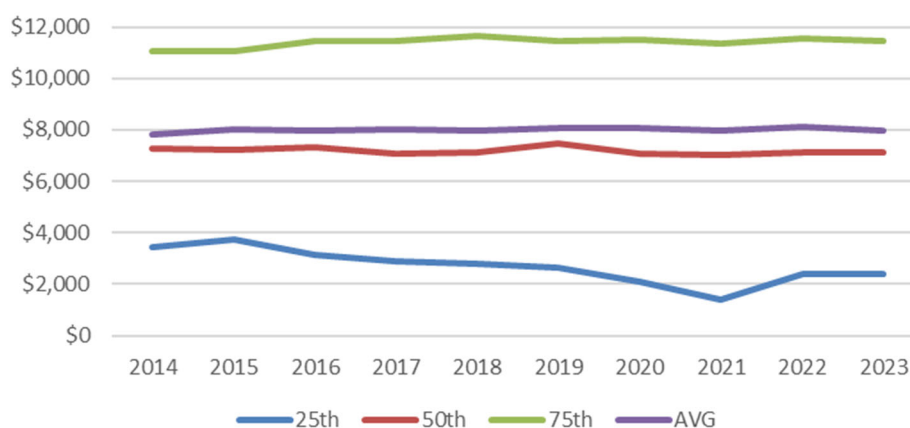
	Increased Tuition Discount (N=131 Schools)	Decreased Tuition Discount (N=88)	Same Tuition Discount (N=34)
Enrollment Up	34%	34%	39%
Enrollment Down	66%	66%	61%

Importantly, when the tuition discount is applied to gross tuition and fees, a school arrives at the net amount expected to be paid by the student. It is still the case that a large majority of Master's students in ATS schools will pursue some form of ministry or social service position after seminary. As a result, schools have sought to keep the costs as low as possible for these students. As shown in Figure 8, in the last decade, the median net tuition amount has actually gone down while the average net tuition has gone up only 2% (as U.S. CPI increased by 28%, the Canadian CPI increased by 25%, and the U.S. Higher Education PI index increased by 32%).

¹ During this period, only two ATS schools had enrollments that were the same in fall 2019 and 2023, so they were excluded from this analysis.

Figure 8

Net Tuition for Master's Degrees, All ATS Schools



During this decade, the average amount expected to be paid by students has only gone up slightly. As will be seen in the section on financial sustainability, in a period of rising costs to educate a student, the net amount being paid by the student has been held in check. As a result, other sources of revenue are having to be generated to fund the theological school enterprise. While schools have sought to keep the price of theological education affordable for students (at least on a net tuition cost basis), they have struggled more to find ways to keep their own costs to educate students under control.

Student Educational Debt Incurred in Seminary. A final affordability factor to consider is student debt incurred while in seminary. These data have been historically self-reported by graduating students through the ATS Graduating Student Questionnaire. For the first time, in fall 2023, institutions were asked to report the number of graduating students incurring educational debt in seminary, the percentage of graduates incurring debt, and the total amount of federal loans by those incurring debt in seminary. Using this new data set, we analyzed the levels of student debt, the impact of tuition discount on student debt, and the impact of levels of debt on enrollment.

Of the 272 schools reporting student educational debt data in fall 2023, Table 2 shows that about 55% of ATS schools reported no educational debt incurred by their graduates. While a few more years of data and analysis is required to more fully understand this trend, this high level is likely due to a few factors, including schools that do not participate in federal financial aid, schools that have intentionally sought to reduce or eliminate student indebtedness, and schools that simply have not reported data.

Table 2

Debt Levels, Tuition Discount, and Change in Total Enrollment

	Avg Debt Per Grad None	Avg Debt Per Grad \$1-\$20K	Avg Debt Per Grad \$20K-\$40K	Avg Debt Per Grad \$40K-\$60K	Avg Debt Per Grad >\$60K	All Schools Reporting
#schools	147	47	35	34	9	272
Avg Tuition Discount	30%	47%	43%	43%	34%	37%
%School Growing Last 5 Years	47%	45%	37%	45%	33%	43%
Avg Debt per Borrowing Graduate	\$0	\$10900	\$29700	\$48100	\$106500	\$33000

It is interesting to note that for those reporting no student debt incurred in seminary, the tuition discount averaged about 30%, and 47% of these schools experienced enrollment growth over the last five years. Contrast that with schools for whom students incurred debt at levels from \$1-\$20,000, from \$20,000-\$40,000, and from \$40,000-\$60,000. These schools had higher tuition discount rates that ranged from 43% to 47% on average and debt levels per graduate that borrowed at levels trending toward the midpoint of each range. Educational debt loads for theological students has been a major concern for ATS for decades. A significant initiative, the Theological School Initiative to Address Economic Challenges Facing Future Ministers (ECFFM), was carried out for almost a decade beginning in 2012. While raising awareness around educational debt incurred in seminary, the initiative was able to reduce student indebtedness across ATS schools (Deasy, 2019, December). It also assisted schools in considering how their current Models and Money were positively and negatively impacting students.

As reflected in our analysis of Table 1 and Table 2, higher tuition discount rates do not necessarily lead to lower student indebtedness or increases in enrollment. While scholarship aid is an important asset for a theological school *and* scholarship aid is important for theological students to assist them in completing their degree, it should not be presumed that higher aid amounts will lead to increased enrollment and decreased educational debt incurred in seminary. Enrollment changes are likely more impacted by the ecosystem within which a school operates. Student debt incurred in seminary is more likely driven by living expenses than net tuition paid by students. While theological schools seek to prepare women and men for serving in their vocational callings, they must also consider affordability measures that will impact students and their ability to fulfill their calling after graduation. Affordability is important both for what students are expected to pay and what educational debt they incur during seminary. Affordability is also an important consideration for the financial sustainability of the institution itself as we see in the next section.

Financial Sustainability

When leaders consider the resources required to fulfill the Mission of theological schools, they must consider both Models and Money. The way an institution is structured in its academic, economic, organizational, governance, and ecclesial Models will impact its ability to live out its Mission. These same structures will impact how an institution uses its human, academic, financial, physical, technological, shared, and other resources (Money). A leader must do an honest assessment of the theological school's Models and Money to ensure that they are being utilized in the most effective and efficient way in order to fulfill the school's current and future Mission and not a Mission of the past. While it is not uncommon for a nonprofit organization to want more resources, a theological institution

should first seek to steward the resources it already has for the attainment of the school's Mission. Good stewardship consists not only of maintaining growth but also pruning or "selectively abandoning the past" (Landrebe, 2014, Spring). As this honest assessment is completed, the leader must consider three significant components of financial sustainability—operating results, cost to educate a student, and revenue sources.

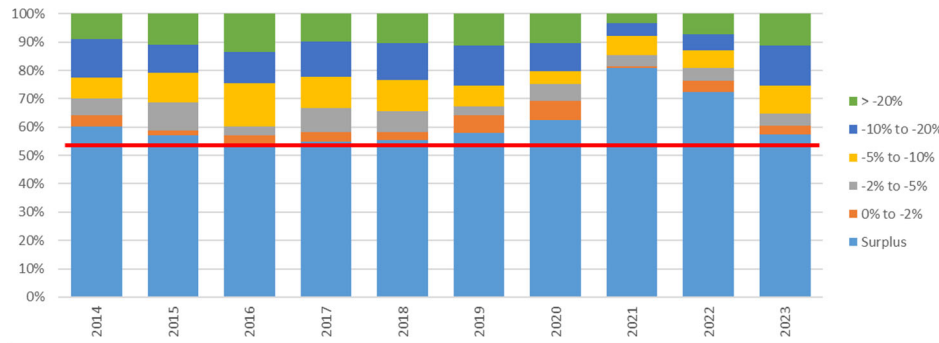
Operating Results. Living within institutional means is important for the durability of the mission of the school. In order to assess this criterion in an ATS member school, an adjusted surplus or deficit for the year is calculated using the following method:

1. Total revenues without donor restriction are added to total revenues with donor restriction by time and purpose.
2. Unrealized gains and losses on investments are removed from this summation in #1.
3. 5% of long-term investments are added back as a prudent draw on these investments.
4. Total expenditures are subtracted.

This calculation arrives at an ATS adjusted surplus or deficit for the year. Figure 9 shows this adjusted surplus or deficit as a percentage of total expenditures for ATS freestanding schools (those not connected to a college or university).

Figure 9

Adjusted Surplus(Deficit) as % of Total Expenditures, Freestanding ATS Schools



Over the last two decades, on average, about 55% of ATS freestanding schools ran surpluses where the adjusted revenues as calculated above were in excess of expenditures—schools that were living within their means. The red line in Figure 9 depicts this important marker. In the last decade, ATS schools experiencing an adjusted surplus were slightly ahead of this historic trend. Notably, fiscal years 2021 and 2022 were much ahead of the historic trend because of the influx of governmental resources received by many higher education institutions as a result of the global pandemic. These governmental resources were important but short-lived, and historic patterns have returned in fiscal 2023.

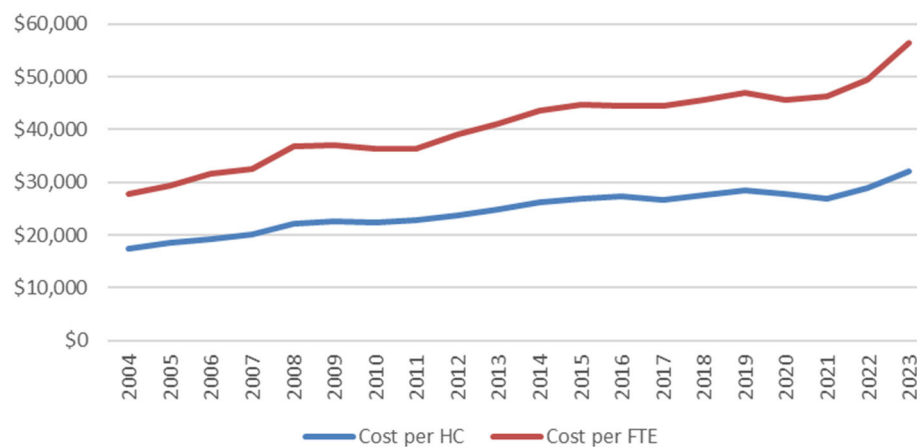
Figure 9 reflects some important trends in terms of deficits that are being experienced by ATS schools. Historically, nearly 20% of ATS freestanding schools are running deficits in excess of 10% of their expenditures, which means they would either have to reduce their expenditures by more than 10% or generate additional revenues at the same level just to break even. Deficits at this level are unsustainable and risk jeopardizing the Mission in the long-term and perhaps even the short-term. These results are likely due to schools continuing to overspend by utilizing Models that no longer

support the current Mission or because the Models have not been restructured in a way that is sustained by current and available resources (Money).

Cost to Educate a Student. As shown above, nearly half of ATS freestanding schools struggle with ongoing deficits. Even schools that run surpluses must be vigilant, assessing their revenue and spending patterns to be sure they can consistently live within their means. Another measure that becomes important in this assessment is the cost to educate a student. In order to assess this trend, total expenditures reported by an ATS school is compared to its head count enrollment and full-time equivalent enrollment. The trends over the last two decades are shown in Figure 10.

Figure 10

Cost to Educate a Student, All ATS Schools



On average, the cost to educate a student on a head-count basis has grown from about \$17,400 in 2004 to about \$32,000 in 2023. If the U.S. consumer price index is applied to the \$17,400, the CPI-adjusted cost per HC student in 2023 would be \$27,300. The cost to educate a student has expanded well in advance of this CPI adjustment. In the same way, on average, the cost to educate a student on a full-time-equivalent basis has grown from about \$27,800 in 2004 to \$56,400 in 2023. The CPI-adjusted cost per

FTE student in 2023 would be \$43,700. For ATS schools, in the most recent year, the cost to educate an FTE student ranged from under \$10,000 to over \$200,000. Clearly, one of the pressure points to generating surpluses is the cost to educate a student.

In essence, schools are continuing to use Models that are too expensive and are driving costs up at levels that are not supported by their current enrollment patterns. When almost half of ATS freestanding schools are generating deficits *and* the cost per student patterns are accelerating well ahead of inflation *and* enrollment patterns overall are not in a growth mode, then schools must pay attention to what is driving these costs. In order to ensure the longevity of the Mission, a theological school leader must understand what is driving overall costs and the costs to educate a student. Schools have not necessarily changed their Models to catch up to current enrollment realities and to allow for cost efficiencies, which has undermined their ability to live within their means. A proper assessment of cost to educate a student will require a thorough review of the Models that are being implemented to fulfill the Mission. The surplus/deficit dilemma will not be resolved by simply seeking more revenues; rather, it must incorporate an honest assessment of both the cost to educate a student and the available revenues.

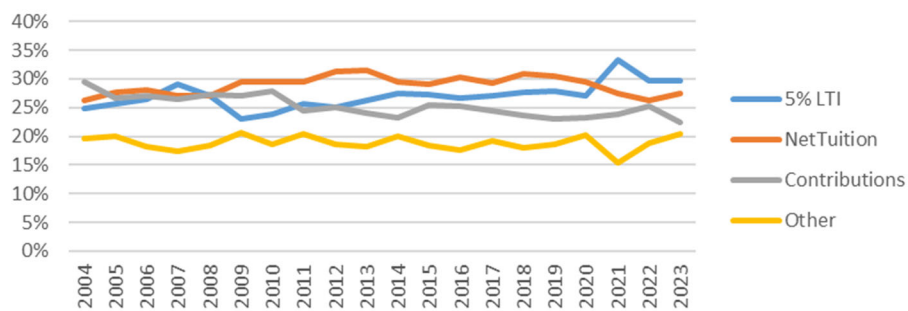
Revenue Sources. As shown above, the costs to educate an FTE student averaged \$56,400 in the most recent year. As shown in Figure 8, the average net tuition generated from a Master's student was \$8,000. While the cost per student is an overall figure, the gap between \$56,400 and \$8,000 still demonstrates the challenge of operating an ATS school. The gap must be closed by generating additional revenues, reducing the cost to educate a student, or realistically both.

Figure 11 shows the relative revenue sources across all ATS schools in the last two decades. 5% LTI is a five percent draw on longer-term investments. Net tuition is tuition

less scholarship aid and discount. Contributions is giving from a variety of sources but for unrestricted annual purposes. Other is revenue generated by auxiliary and other nonrecurring sources. Each of these revenue sources is important across ATS. In 2023, they were fairly balanced with draw from long-term investments at 30%, net tuition at 27%, contributions at 23%, and other sources at 20%.

Figure 11

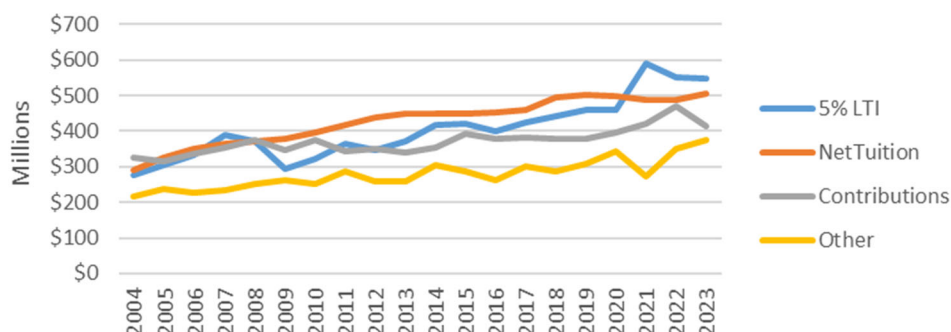
Relative Revenue Sources, All ATS Schools



In terms of the actual dollars generated in the most recent year, as reflected in Figure 12, draw from endowment was about \$550 million, net tuition was about \$500 million, contributions was just over \$400 million, and other sources was about \$375 million. By these calculations, ATS schools were blessed with nearly \$1.85 billion in revenues, but the expenditures for the same year were about \$2.3 billion. In total, the challenge is both on the expenditure side and on the revenue side. Trying to close that gap by generating more revenue alone will not likely be successful.

Figure 12

Revenue Sources, All ATS Schools



Because the data show that the cost to educate a student is growing in excess of CPI, certainly costs and cost structures need to be assessed. While more than half of ATS freestanding schools are generating surpluses already, those schools will need to remain attentive to spending and revenue patterns to be sure those surpluses continue. The schools who are running deficits, with some running very large deficits relative to their expenditures, must begin to assess their Models and Money to determine how they can reduce (perhaps significantly) the cost to educate a student while also seeking other revenue sources. This is hard but very important work to ensure the Mission is undergirded by the current Models and use of Money throughout the institution.

Implications for Theological Education

For decades, theological schools have faced challenges in both enrollment and economics. This analysis sought to address two questions:

1. What is the current state of finances and enrollment for theological schools in North America?
2. Where are schools finding success and where are they not?

Findings show that schools have done well in attending to access and affordability but with limited success in financial sustainability.

Leaders in theological schools are responsible to ensure the viability of the missions of their institutions. While tensions between Mission, Models, and Money exist and must be carefully addressed (Meinzer, 2019, Autumn), the viability of the institution cannot and should not be separated from the missional vitality of the students that are being served. To that end, theological schools must attend to matters of accessibility, affordability, and financial sustainability. The findings shared in this article support the following recommendations for governing boards, administration, and other leaders, as they support the thriving of both institutions and students:

1. *Carefully attend to the ongoing interrelationship between institutional mission, models, and money.* Theological schools have always been concerned with their missions as well as the way in which they operated in the world (Models) and how they utilized all of their resources (Money) in service of the mission. Mission will not likely exist in the long-term without a relevant and honest dialogue with Models and Money. Sufficiency of resources is tricky because wanting more should not be confused with needing more. A mission pursued in a constant state of wanting more resources will cause the school to be inadequately engaged in an honest assessment of what it can accomplish with what God has already provided. And a mission pursued in a constant state of insufficient or unstable resources will likely cause harm to the mission and/or to those that are being served or employed.
2. *Consider how changes in educational modalities influence accessibility for students.* The modes by which theological education is offered have been changing for more than two decades. Shifts toward distance education began in the early 2000s, accelerated in the mid-2010s, and were reinforced by the realities of the global pandemic of 2019. Increasingly, distance education has become an expectation of

students, and the dramatic shift to distance education has allowed students to engage theological education while remaining in context. Institutions must holistically review their educational, student services, economic, and other models to ensure they are serving this new reality and in fulfillment of their mission.

3. *Regularly assess the ways in which accessibility is indicated by the changes in student populations.* There have been marked shifts in the racial/ethnic presence of students across ATS schools. These changes have occurred both because of growth in students of color as well as a decline of White students. As institutions seek new ways to serve their missions and core purposes, they would benefit from doing a thorough assessment of their own patterns of student enrollment by these important demographics and how these intersect with issues related to models and money while seeking to understand how these patterns will continue into the future.
4. *Scrutinize practices around tuition net of scholarship aid and how these impact affordability for students.* Graduates of theological schools are often pursuing vocations that will not lead to significant earning power. As a result, keeping theological education affordable through scholarship aid is very important. Even so, schools must understand that net tuition costs are not often the major driver for those that incur educational debt in seminary. Institutions must review their own models and use of resources to determine if (and perhaps how) the way they are serving their students educationally and economically are adding to the debt load of their graduates.
5. *Regularly monitor how affordability of graduate theological education may also burden students, particularly as reflected by educational debt incurred in seminary.*

Over the decades, educational debt has become an important way for students to fund their pursuit of their calling. More recently, in both higher education and in theological education, this has been called into question. Students must be encouraged to consider how their decisions around educational debt will impact their ability to fulfill their vocation. Equally, theological schools must engage an assessment of how their institutional decision-making, models, and use of resources are impacting how students incur debt while attending seminary.

6. *Regularly examine the school's financial sustainability as demonstrated by annual operating results.* A nonprofit organization must learn to live within its means, expending only what it can reasonably expect to generate in revenue, in order to ensure the durability of its significant mission. As a result, measuring annual operating results such that revenues exceed expenditures is critical. Stewardship requires a theological school to manage well the resources it has been given either by current students, by current donors (annual giving) and past donors (endowment), or by other sources. Unwise choices made now by a school can have generational implications for the mission and the resources given to support it. Leaders must stay focused on how the models and money of the school are utilized in support of the current and future mission. The best way to ensure the durability of that mission is to gauge how well the institution is living within its means as measured by annual operating results.
7. *Similarly, regularly examine the school's financial sustainability as indicated by cost to educate a student.* This measure is often left off of internal analysis of theological schools. It is not uncommon for schools to consider the cost students pay to attend seminary, but it is less common for them to consider how much it is actually costing

the institution to educate a student. This is important because as the cost to educate a student increases faster than inflation, schools are left looking for other revenue streams to cover the cost. As shown in the analysis, costs covered by students through payment of net tuition has been held steady over the last decade, so increases in other revenue sources is required. Schools often seek to expand revenues because they believe they are being as efficient as possible; however, the trends in the cost to educate a student do not necessarily support this conclusion. Schools will likely need to find ways to be more nimble and agile in their models so that the resulting expenditure patterns and cost to educate a student will be more in line with the variable nature of the revenues generated.

8. *Finally, regularly assess the financial sustainability as measured by various revenue sources.* Leaders within theological schools are seeking new sources of revenue to supplement that which is paid by students. The additional funds are helping keep the net tuition costs to students down, but they are not keeping up with the growing costs to educate a student. As a result, theological schools must pursue these additional revenue streams while also finding ways to curb or reduce costs per student. It will likely require both in order for many schools to get back to the place where they are able to live within their means and generate annual operating surpluses. A thorough and honest assessment of what is driving the cost to educate a student must be done in concert with expanding revenue sources because revenue expansion is not likely to occur without boundaries.

Concluding Thoughts

Theological schools are participants in fulfilling God's mission in God's world. For more than a century, ATS schools have sought to fulfill their own missions with integrity and fidelity by ensuring their academic, economic, organizational, governance, and resource models sufficiently and adequately supported their current mission. This data analysis has shown areas where theological schools have done quite well in expanding access and pushing for affordability. This same investigation has also demonstrated areas where there is significant and continued work to be done in terms of affordability and financial sustainability.

Further consideration should be given to the particular context of the institution. ATS has done, and schools should do, an examination of how these data points are impacted by the broader context within ecclesial category, college or university versus freestanding environment, Canada versus the United States, protestant versus Catholic, and so on. These circumstances will impact accessibility, affordability, and financial sustainability. A theological school leader must understand these wider ecological influences as well as the specific institutional realities when assessing the opportunities and challenges associated with these three key components. The missions of theological schools are significant and warrant the best efforts of leaders to understand and influence these key metrics for the benefit of the students they serve as well as the communities of faith and the broader public.

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