The search for financial viability: innovative leaders needed for long-term vitality of the mission

By Chris Meinzer

In April 2025, ATS performed a final analysis on notable enrollment changes for fall 2024. Enrollment, as one measure of missional vitality in a theological school, is an important key performance indicator (KPI). In this article, ATS reviews financial trends across member schools, with attention to total annual expenditures and annual operating surplus/deficit. These are significant KPIs to consider when discerning financial viability.

As shown in the fall 2024 ATS Annual Data Table 4.6 (ADT), ATS member schools now spend more than $2.4 billion to educate about 79,000 students:

- The median ATS school spends about $4.4 million, with the range by school from less than $1 million to $73 million.
- The average spending per ATS school is more than $8.5 million.
- The 20 largest schools in terms of budget spend about $900 million to educate around 22,500 students.
- The smallest 140 schools in terms of budget, which all spend the median of $4.4 million or less, spend about $283 million to educate about 15,000 students.
- The remaining 120 schools spend about $1.2 billion to educate roughly 40,000 students.

	# of Schools	Total Spending	HC Students	Avg Spending	Avg Cost/HC
>$30M	20	$907,292,000	22,546	$45,365,000	$40,200
$20M-$30M	11	$260,970,000	12,796	$23,725,000	$20,400
$10M-$20M	35	$491,410,000	13,863	$14,040,000	$35,500
$5M-$10M	57	$424,507,000	11,212	$ 7,448,000	$37,900
$2.5M-$5M	59	$218,177,000	8,243	$ 3,698,000	$26,500
$0M-$2.5M	99	$101,119,000	10,355	$ 1,021,000	$ 9,800
All	**281**	**$2,403,475,000**	**79,015**	**$ 8,553,000**	**$31,000**

As can be seen in ADT 4.3, the average spending per Head Count (HC) student has grown from just less than $26,000 in 2020 to a bit more than $31,000 in 2024, which is an increase of 21%. This occurred at a time when the Canadian consumer price index (CPI) increased by 17.6%, and the US CPI increased by 21.9%. Because of the global pandemic and resulting economic implications, this has been one of the highest periods of inflation for Canada, the United States, and for ATS member schools in decades.

Annual changes in expenditures

Some interesting patterns emerge when looking at the change in annual spending across the last decade.

- **Figure 1** shows annual spending change across all ATS schools as well as across freestanding schools and schools related to a college or university.
- **Figure 2** reflects annual spending change by ecclesial family.
- **Figure 3** demonstrates annual spending change by country.

Before 2020, annual spending remained relatively stable. In 2020 and 2021, spending declined due to the global pandemic. Beginning in 2022, spending rose sharply, driven by significant inflationary pressures in both Canada and the United States. In every cohort, post-pandemic annual spending changes were greater than those before the pandemic.

For example, related ATS schools were reflecting annual spending increases between 0–2% and are now experiencing annual spending changes of between 2–4%. In the same way, freestanding ATS schools had 2–4% annual spending changes before 2020 and now have annual spending changes between 4–6% in 2022 and beyond. Large annual spending increases such as these will be unsustainable and will pressure ATS schools that already find it difficult to balance their budgets. Schools will struggle to cover such high levels of spending increases with commensurate growth in required matching revenues.

Fig. 1 - Annual Change in Spending by Structure

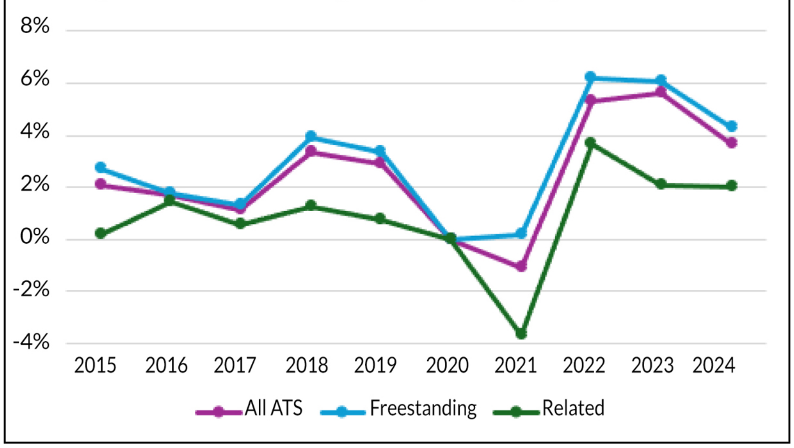


Fig. 2 - Annual Change in Spending by Ecclesial Family

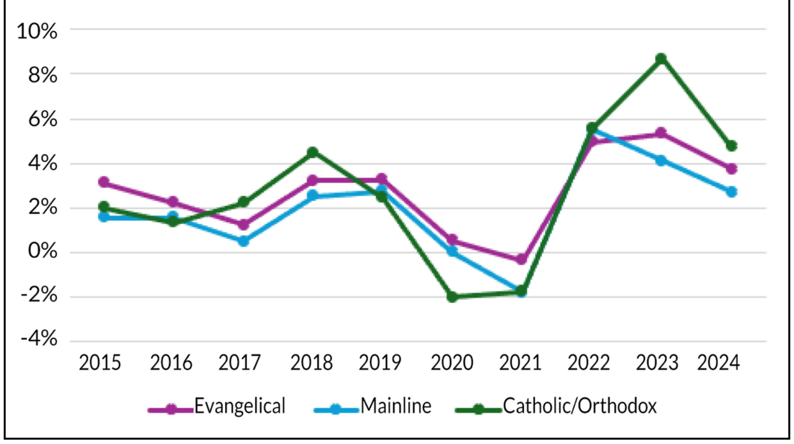
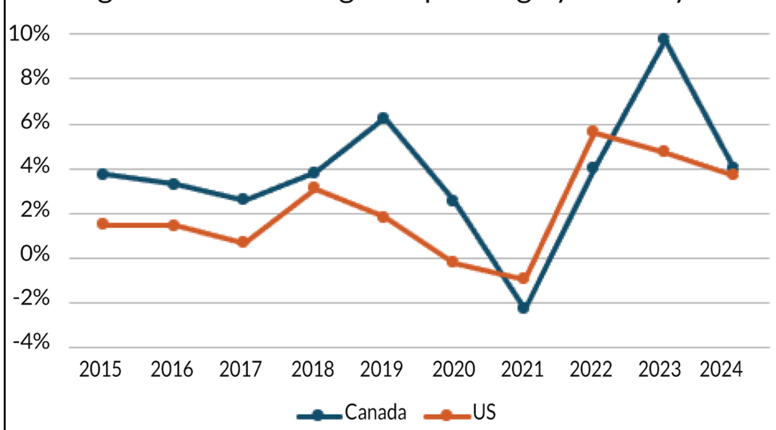


Fig. 3 - Annual Change in Spending by Country



Annual operating surplus/deficit

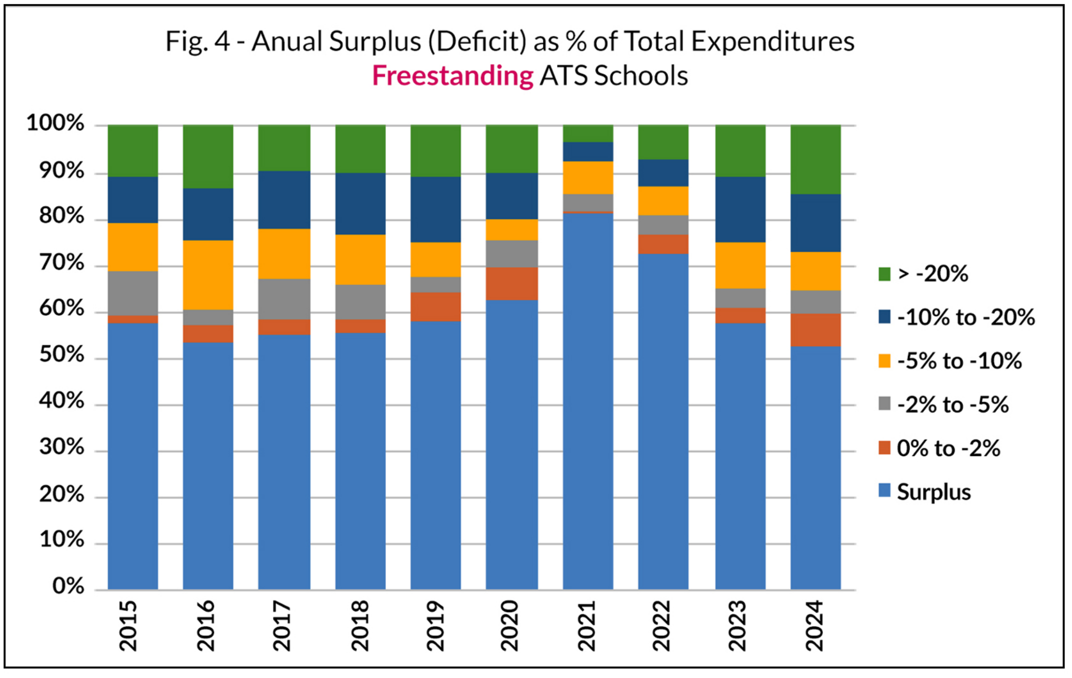
The most important KPI related to financial equilibrium in sustainability in a theological school is annual operating results. ATS schools must live within their means on an annual basis to safeguard the resources that support their missions. Incurring ongoing deficits (expenditures in excess of revenues) will erode a school's ability to fulfill its mission and serve students well in the long term. Chronic deficits also will eventually impact a school's capacity to achieve its purposes in the short term.

Figure 4 shows the annual surplus or deficit as a percentage of total expenditures of ATS freestanding schools over the last decade. The calculation of surplus or deficit follows the calculation as included and shown in Figure 1-8 of the ATS Strategic Information Report (SIR), which was sent to each school in March 2025.

Surplus is shown at the bottom of the chart. On average, about 57% of ATS freestanding schools generated surpluses (revenues in excess of expenditures) during the decade.

The remaining colors show the depth of the deficits incurred by ATS schools.

For example, in 2024, about 15% of ATS freestanding schools ran deficits in excess of 20% of their expenditures (green segment). These schools would need to cut their expenditures by more than 20% just to break even. Quite discouraging is that almost 30% of ATS freestanding schools ran deficits in excess of 10% of their expenditures (green and dark blue segment). This level of deficit is substantial and represents great risk to the mission of the institution. If chronic, deficits at this magnitude would be devastating and potentially lethal to the mission. Changes must be made, and these changes must be adaptive and immediate, not technical and incremental.



An observation of 2021 and 2022 data reveals there was significant improvement in the level of surpluses in these two years. For example, in 2021, about 80% of ATS freestanding schools ran a surplus. This is almost exclusively due to governmental funding to higher education as a result of the global pandemic. While many ATS schools curbed spending as shown in Figures 1-3, the majority of the positive outcomes were due to large governmental grants. As those resources waned, ATS schools returned to their operating patterns in 2023 and 2024.

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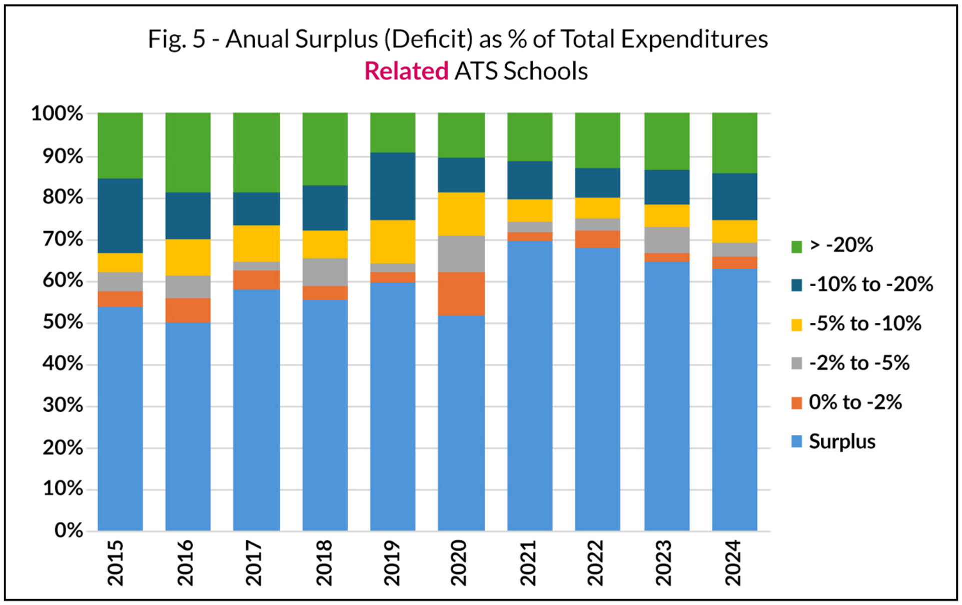
Figure 5 shows the same results for ATS schools connected to a college or university. The data collected from these schools is only for the ATS-accredited entity and does not reflect the financial results of the larger entity as a whole. Often, this means that schools are only providing ATS with data that represents direct revenues and direct instruction expenses and not the costs borne by or allocated from the larger entity. Even so, as reflected in Figure 5, ATS schools connected to a college or university are also running deficits at high levels. While these deficits are absorbed by the larger entity, it warrants notice that the ongoing deficits are steep. Even if the larger entity is willing to absorb deficits for now, as pressures mount on higher education, it is unknown if colleges and universities will remain able or willing to absorb these deficits. It would be advantageous to the mission of ATS schools that are connected to a college or university to remain vigilant in reducing these direct operating deficits over time.



What now?

Spending across ATS schools has been climbing recently at unsustainable levels as shown in Figures 1-3. Pressures already exist in the economic models of these schools, as more than four in ten run deficits and nearly three in ten run deficits in excess of 10% of expenditures as shown in Figures 4-5. These two KPIs alone demonstrate that the business models of theo logical schools require the full attention of the board, administration, faculty, staff, and others. The impact of expenditure growth in the last few years is not yet fully known, as some of that increase was covered by governmental funding through the global pandemic. Deficits affect operating reserves, short-term decision making, employees, an ability to fund new initiatives, and ultimately the mission.

The level of deficits will require attention to both expenditures and revenues. These deficits cannot be solved by only seeking more revenues when student enrollment is down, stock markets are wildly fluctuating, and donors are fatigued or their commitments are shifting. These deficits require bold and innovative leaders who are willing to assess and alter the academic, business, and operational models that are being utilized so that new ways to fulfill the mission can be implemented for the long-term vitality of the mission.

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