1. On behalf of my colleagues at the Association of Theological Schools, it is a privilege to welcome you to this inaugural “State of the Industry” webinar.

2. My name is Stephen Graham and I serve as senior director of ATS programs and services. As the academic year is beginning for most schools, this is also the beginning of the ATS program year that extends through the Biennial Meeting next summer.

3. This webinar will provide a quick tour of the state of theological education among ATS member schools in the US and Canada. ▲ We will present data about enrollment and students, ▲ about faculty, and ▲ about finances. And we will offer some preliminary reflections on trends and implications. These areas provide some indication of the strengths and struggles of ATS member schools. We will also say a bit about the activities and offerings of ATS programs and services during the upcoming academic year, and how those efforts will address some of these topics in greater depth as we all work together to understand trends, address challenges, and embrace opportunities.

4. Daniel Aleshire has been executive director at ATS since 1998, having devoted more than 35 years of his career to theological education. He is a sought-after speaker on a wide range of issues related to theological education and is simply the person who best knows the world of graduate theological education in the United States and Canada. It is a privilege to have Dan lead us in this “State of the Industry” webinar.

We are going to examine issues related to four areas. Other things are important, but we have chosen these areas because they point to some fundamental issues about the current status of theological education.

5. As we begin, ▲ it is important to situate the work of theological schools in the broader context of the structure of religion and ▲ patterns of participation in communities of faith in North America. ▲ Theological schools exist for those communities and cannot accomplish their purposes apart from them. ▲ Whatever is going on inside theological schools is intimately connected to what is going on outside them—▲ and what is going on outside comprises substantive and fundamental change.

6. The contours of these changes have become so familiar that we need only a moment to remind ourselves of them. ▲ We know from studies conducted by the Pew Research Center that overall religious adherence has declined; ▲ that a large number of religious attenders have changed denominations at least once, that a growing percentage of the population is generically religious but without any particular religious involvement. ▲ We know from several reports that many denominations are declining both in membership and in their
ability to serve as an organizing center for congregational ministry. ▲ We know from Gallup surveys that trust in religious institutions has been declining and continues to decline. ▲ We know from the studies that Mark Chaves has conducted that congregational practices are changing: expressions like clapping and raised hands in worship services have increased, and printed bulletins and robed choirs have decreased. ▲ We know that an ever-larger percentage of religious attenders are active in larger membership congregations. ▲ We know from Linda Mercadante’s study the characteristics of people who consider themselves spiritual but not religious, and from Nancy Ammerman’s most recent study that the majority of persons who claim a kind a spirituality are, in fact, engaged in religious practices. ▲ We know from the Center for Applied Research for the Apostolate that the US Roman Catholic Church will become majority Hispanic and Asian before 2030, and that ▲ while the number of Catholics continues to increase, the number of weekly mass attenders lags. We know that things are changing, and that the rapidity of change is increasing. ATS schools serve a religious reality that is changing deeply and pervasively.

7. Because most of this webinar will report statistics of one kind or another, a few preliminary comments about data are appropriate. Most of the statistics you’ll see are drawn from the data provided by member schools on the Annual Report Forms. Other sources of data include the graduating student questionnaire from last spring and a study of faculty that ATS has just completed. These data are aggregated across ATS schools, and do not represent the reality of any one school. What is true of all ATS schools is seldom true of any one school. We hope these data prompt conversations about how enrollment, students, faculty, and finances at your school are similar or different.

8. Enrollment

9. A decade ago, in the 2004–05 academic year, head count enrollment in ATS schools was approaching an all-time high. It reached that high in 2006, ▲ and every fall since then, enrollment has declined. It has not declined precipitously but it has declined persistently—about 1 to 1.5 percent a year. In fall 2006, a total of slightly more than 81,000 persons were enrolled for credit in ATS member schools. Last fall, a total of just over 72,000 were enrolled, constituting an overall decline in head count enrollment of just over 11 percent. This enrollment decline reflects many stories, not just one.

10. For example, enrollment has not declined in all schools. In the most recent year, 2014, about 20 percent of ATS member schools had increased enrollments, 40 percent had enrollments that were basically stable (within 5 percent up or down), and 40 percent experienced a decline from the previous year. Across the decade, the number of schools whose enrollment has declined exceeds the number whose enrollment has increased. My colleague, Chris Meinzer, looked at variables that might distinguish schools with declining enrollment from those with increasing enrollment, but found no correlating characteristics.

11. Enrollment decline differs by country and ecclesial family. Across the past decade, the enrollment in Canadian schools has declined 33 percent, while schools in the United States and Puerto Rico have experienced a decline of 9 percent. ATS divides its member schools into three broad ecclesial families. Although the categorization works well for most but not
all schools, it has proved useful in understanding several institutional characteristics. Across
the decade, the head count enrollment has declined 4 percent for evangelical Protestant, 23
percent for mainline Protestant, and 15 percent for Roman Catholic and Orthodox schools.

12. Why has enrollment declined? No one knows for sure. Part of the reason may be that the
decline in religious participation in the United States and Canada results in fewer ministry
positions, which may affect the number of individuals pursuing theological degrees. Changes in Protestant congregational patterns of leadership may have resulted in an
increasing number of leaders who do not look to seminaries for their education. Still another reason might be expense. Theological education has become increasingly expensive
for students, and that might deter some from pursuing seminary studies. And of course, as we
will discuss later, the demographics of the post-Baby Boom era are working against us. These reasons are all speculative; we simply do not know what has caused this 11 percent decline.

13. The most significant change over the past decade, however, may not be the decline in
enrollment but the fundamental changes that are occurring in the composition of the
enrollment. My colleague, Tom Tanner, has explored this changing composition in articles published in the ATS digital Colloquy Online.

14. The decline is concentrated in two areas. MDiv enrollment has decreased about 10 percent
since 2006,

15. Enrollment in the “other” or non-degree category (which includes students enrolled for credit
but not admitted to a degree program) has declined more than 50 percent. The decline in
these two areas accounts for virtually the entire decline in enrollment.

16. Enrollment in professional and academic MA programs, by contrast, has increased. If the
current trend continues, by 2022 more students will be enrolled in professional MA
programs than in MDiv programs. Why the shift? Perhaps it reflects the ever widening
patterns of ministry practice, or the declining number of congregations that can support a
full-time pastor, or the increasing number of larger membership congregations that have
multiple pastors who serve in specialized roles. Ministry positions may be changing, and this
enrollment shift reflects those changes.

17. The decline in overall enrollment can also be accounted for by number of white students,
which declined by almost 20 percent between fall 2005 and fall 2014.

18. In contrast, the number of racial/ethnic students has increased. If this trend continues, visa
and students of color will outnumber white students by 2025. Demographers estimate that the
US population will become majority racial/ethnic soon after 2040. This projected change in
the ATS enrollment is encouraging if seminary enrollments should approximate the
racial/ethnic proportions of the general population.

19. Another change in the composition of the enrollment is the mode in which students are
taking seminary courses. Across the most recent decade, the number of students who have
taken at least one course online or at an extension site has increased. Last year, more than 23,000 students took at least one distance learning course for credit.

20. The composition of the enrollment has also changed in terms of age. Students over 50 and under 30 constitute the majority. The boomer generation has been a large part of the enrollment of ATS schools, and as boomers have moved from their 20s to 30s to 40s, the ATS enrollment appears to have been influenced by their presence at each age. ▲ Now, with the youngest of the boomers over 50, it is no surprise that they constitute 22 percent of the total enrollment. As Barbara Wheeler, Tony Ruger, and Sharon Miller noted in an earlier study of the ATS enrollment, the generational cohorts following the current “30 and younger” group will be smaller. What the overall enrollment looses as the boomers age out will not be replaced by the cohorts of younger students.

21. Enrollment is central to the work of theological schools, and when it is changing as much as it is, the work and character of the schools changes. The news this year is not that enrollment has declined; ▲ it is that this trend has now continued for almost a decade. The changes are not a blip on the screen or a passing phenomenon. They are likely part of broader social and religious trends, and ▲ not the result of failed recruitment strategies. Enrollment decline has many implications. For schools that are heavily dependent on tuition, ▲ a decline in enrollment translates directly into a decline in revenue. For schools that are not particularly dependent on tuition, ▲ decreasing enrollment translates into concerns about mission. For both kinds of schools, declining enrollment raises questions about institutional futures and the education of religious leaders. Because some forms of enrollment are increasing while other forms are decreasing, the enrollment story is more complex than the bad news of enrollment decline would suggest. ▲ The increasing enrollment of racial/ethnic students parallels the increasing racial/ethnic character of North American population. That is good news. ▲ The increase in enrollment in professional MA programs may be just what rapidly diversifying patterns of ministry need. More good news.

22. Here are some questions for your reflection.
   • You have seen overall enrollment trends; what are the enrollment trends in your institution?
   • What are the implications of those trends for your school’s mission and its educational and institutional practices?

Students

23. Enrollments are a numeric abstraction for something that is far more concrete: students who have sensed a religious call or other motivation to undertake theological education. Enrollments are institutional; students are personal, and their attitudes and debt are important. This past spring, a total of almost 6,100 graduating students from 174 ATS member schools completed the Graduating Student Questionnaire.

24. Jo Ann Deasy is coordinating Lilly Endowment’s Economic Challenges Facing Future Ministers initiative and has looked extensively at the results of the 2015 graduating student survey data. Here is some of what she has found.
25. Age is an important factor in the educational context in which students received their theological education. ▲ Younger students are most likely to have graduated from programs offered on the main campus of a member school, while ▲ older students have been involved in a wide variety of course-offering contexts.

26. Debt continues to be an issue of concern for schools, denominations, and graduates. ▲ MDiv students accrue more seminary debt than do students in academic or professional MA programs, and older MDiv students report that they accrued more debt than younger students. The categories in the chart do not include undergraduate or consumer debt, so younger students have more total debt than this chart suggests. More than half of all MDiv graduates reported seminary debt of more than $10,000.

27. The most recent data confirm reports from earlier years: more African American students in general incur debt (almost 80 percent) than do students in other racial/ethnic groups, and they incur higher levels of debt. Systemic issues related to race and economic capacity are likely causes for this disparity, which can be exacerbated when they attend seminaries with limited resources for scholarships and tuition discounting.

28. When students were asked how effective their education had been, they rated many areas highly—but then they were graduating when they completed the questionnaire, and may have been a bit euphoric! They rated ▲ the “ability to think theologically” most highly—across all masters’ degree programs. MDiv students think their ability to preach well ▲ had increased and academic MA students rated most highly areas that most directly reflected thinking or knowledge.

29. With the ATS Commission on Accrediting’s recent approval to increase the amount of study students can complete primarily online, we’ve begun to gather data comparing the perceptions of online students with those of traditional, on-campus students. When asked about areas of personal growth (some of which might reflect the more formational elements of theological education), ▲ graduates who had completed most or all of their work online rated their personal growth in several areas slightly higher than graduates who had completed most of their work on campus. These ratings are not significantly different, but the difference is nonetheless interesting. Was it because online students were older? Was it because they had wanted to go to seminary for a long time and finally were able to? Was it because they had a better educational experience? We don’t yet know.

30. The questionnaire also asks students about their vocational intent following graduation. More than 70 percent of all MDiv graduates and almost 50 percent of professional MA graduates indicated that they would be seeking or have already attained positions in local congregations. More than half of the MDiv students and 20 percent of the professional MA students intend to serve as pastors or associate pastors in local congregations. For both MDiv and professional MA graduates, alternative vocational settings include community and social work settings, teaching, institutional chaplaincies, further graduate study, counseling, and an ever-expanding range of expressions of ministry.
31. The Association’s programs and services are addressing issues raised by these data—especially related to the changing racial/ethnic composition of the student bodies of ATS schools, student debt, and educational practices.

- ▲ The ATS Committee on Race and Ethnicity conducted a major evaluation of work the Association has completed across the past 14 years and, on the basis of that work, has developed a plan for future work. ATS work in 2016 will focus on enhancing capacity of schools to provide the best possible theological education for racial/ethnic students and to increase capacity of schools to educate white students for their future ministry in an increasingly racially and ethnically plural society. ATS will also undertake a project to provide scholarly resources that schools can use in their work in this area.

- ▲ This year, ATS will continue the work that it began in the Economic Challenges Facing Future Ministers project. Under the direction of Jo Ann Deasy, ATS is supporting the efforts of 67 schools that received grants from Lilly Endowment to address issues of students’ financial literacy and institutional strategies to reduce student debt. The Association will continue to share what is being learned in these programs with the wider community of schools. The goal is to have a generation of students entering ministry with less debt and more wisdom about both personal and organizational finances.

- ▲ This year my colleagues and I began work on the largest single project ATS has ever undertaken: the Educational Practices and Models project, generously funded by Lilly Endowment. The first of six elements of the project is being completed this year. It is a comprehensive survey of all the educational practices of ATS member schools. The results are just now being compiled and will be published later this year, but already it is clear that member schools are doing amazing things to meet the theological education needs that exist in a wide variety of contexts.

Many of the schools don’t know that other schools are doing similar new and innovative work, and this fall, ATS will be empaneling peer groups of schools that are engaged in similar educational ventures to share their learnings, to explore the difficulties they have encountered and efforts to address them, and to begin thinking about the value of similar educational practices for other schools. The state of the industry is clearly one of fundamental change and restructuring. This project, more than any project ATS has undertaken, will assess the breadth and character of this change and provide a course for the future.

The work of this project will be the primary focus of the 2016 Biennial Meeting of the Association, which will convene in St. Louis next June with the theme: Mission, Models, and Muddling Through: The Constant Task and Changing Form of Theological Education.

32. We’ll pause for a moment to pose a couple of questions for your reflection with your colleagues and your constituencies:
• Is educational debt a growing problem for your students? As important as it is to understand the overall picture, it is also crucial to know for which students debt is a problem.
• What collaborations, systems, and processes might you develop to address student debt?
• How have the demographics and vocational plans of your students changed in recent years? How have your educational models and practices changed to accommodate these and other changes?

Faculty

33. Let’s turn now to faculty. In addition to information on faculty from the Annual Report Forms, ATS conducted a three-part study on faculty and faculty development this past year.

34. The study was undertaken by Debbie Gin and included a survey of randomly selected faculty and deans as well as regional focus groups in eight cities in the U.S. and Canada. The results of this study and data from the Annual Report Forms inform our understanding of the ATS faculty, their perceptions of their work, and possible areas for faculty development.

35. This past academic year, ATS schools reported a total of 3,730 full-time faculty. This number is only 40 persons fewer than the 3,770 reported in 2008, before the “great recession” began. What has changed is the number of newly hired faculty. The year before the recession began, ATS schools added 360 new faculty. Last year, they added 255, and that was higher than any of the preceding years since 2008.

36. Unlike the dominant trend in US higher education, the percentage of faculty who are adjunct or part-time has not increased. From 1993 to 2013, the full-time equivalent of part-time or adjunct faculty has risen from about 20 percent of total full-time equivalent faculty to about 30 percent. While this is an increase, it has been gradual and over a long period of time.

37. The gender distribution of faculty has been overwhelmingly stable. In 1994, women comprised just over 20 percent of the total of all faculty, and two decades later, they still comprise just over 20 percent.

38. Faculty of color represent just 20 percent of the total as well, but this reflects a small increase across the past 23 years.

39. These data tell us several things. ▲ Faculty size has remained relatively stable during a period when enrollment has decreased, ▲ resulting in an ever-decreasing student:faculty ratio and the attending financial pressure that places on schools. ▲ Because longer-tenured faculty tend to be more white and male than newly appointed faculty, the ▲ decline in new hires has the effect of slowing down the growth in percentage of both women faculty and faculty of color.

40. The survey of faculty conducted this past year confirmed perceptions from some earlier, less formal research. Faculty perceive gaps between their doctoral training and tasks associated
with much of their work. ▲ For example, while graduate schools train faculty very well for research, which faculty value, research is less central to the demands of their day-to-day work than are other areas. ▲ Faculty perceive that their graduate programs trained them less well for teaching and student formation, which, in most ATS member schools, are very central aspects of their work. In another area, ▲ graduate school was seen as wholly ineffective in preparing them for administrative work, which is an increasingly important role for faculty. These gaps between the focus of graduate education and the sophisticated skills faculty need to do their jobs well provide an agenda for faculty development efforts.

41. The survey also asked faculty about what influenced their choices for research. Of five areas identified as potential sources of influence, 80 percent named personal interest as either the most or second most important. Slightly more than half (56 percent) indicated the needs of the church as one of their top two influencers. The chart that you see identifies the profiles of faculty who would choose each of these influencers. The results are intriguing and raise a number of questions that warrant reflection in individual schools and further research by ATS.

42. Finally, we asked faculty about their online teaching: Among all schools, 43 percent said they had taught a completely online course, and 58 percent had taught some kind of hybrid course that involved some online work. We wondered if online engagement was related to the kind of school in which faculty taught and to their years of service. Both factors influenced faculty involvement in online teaching, but not in the ways that we had assumed. ▲ Online teaching is highest among faculty at freestanding schools, rather than at schools that are parts of larger institutions, where we thought that the greater technology infrastructure would support more online teaching, and among midcareer faculty, rather than among newer faculty, whom we thought would be the more engaged because they were technological natives.

The survey and focused discussion groups revealed, to no one’s surprise, that the faculty members of ATS institutions are committed to their schools, to their teaching, to their students, and to their research. They need help to do their jobs well because graduate training did not prepare them for some essential tasks. When asked if they would choose teaching in a theological school if they had it to do all over again, the overwhelming majority said that they would.

43. This year, the Association will continue its work with faculty by providing conferences for ▲ faculty new to theological education and ▲ for faculty who are at mid-career. In addition, ATS ▲ will also provide several webinars focused on faculty development issues.

ATS will provide resources and events to help faculty in some of the areas where they perceived the greatest gaps in their education and the day-to-day demands of their positions as faculty in theological schools. This year ATS will give particular focus to faculty self-understanding as theological educators and the corporate vocation of a theological faculty; to faculty roles in governance, curriculum, and assessment, especially as related to the development of new educational models and practices.
44. We’ll pause for a moment to pose a couple questions for your reflection:

- **What are the most important needs for faculty development in your institution?**
- **How can faculty at your school be supported in developing their research agendas to meet the needs of the school and its broader constituents?**

**Finances**

45. For a final perspective on the state of theological education, we turn to finances. Except for a few institutions, theological schools have never been considered wealthy. While they have had some good financial times, most schools have had their share of financially stressed times. In good times and stressed times, schools have found ways to educate religious leaders effectively, advance scholarship in theological disciplines, and serve their faith communities. This past year continued a number of financial trends.

46. Our expert in institutional finance, Chris Meinzer, analyzes financial data of ATS schools regularly and I want to share some of what he has noted. (Because of the great differences in how schools that are embedded in larger institutions are financed, most of these data are based on financial reports of freestanding schools.)

47. ATS member schools derive their income from four primary sources: tuition, gifts, endowment or long term investments, and other sources such as rents on student housing. As Tony Ruger and Chris Meinzer have demonstrated, the most fundamental change has been the declining percentage of revenue from denominations and church-related sources and the increasing percentage of revenue from gifts and tuition.

48. These structural changes in revenue have stabilized in the past decade, and in 2014, net tuition provided about 30 percent of revenue, gifts about 25 percent, endowment about 25 percent, and other sources the final 20 percent. Total revenue for ATS schools in 2014 amounted to about $1.7 billion. Despite the recession, revenue has increased steadily over the past decade.

49. Schools vary a great deal in their revenue structures, and while about 30 percent of schools have a balanced revenue stream, 30 percent depend on tuition and 20 percent depend on current gifts for their primary source of revenue. Reflecting the huge structural change in revenue, only 5 percent of schools derive the majority of their income from religious organizations. As you can see, revenue streams vary by ecclesial families.

50. Endowments, or long-term investments, have shown gains since the losses that began in 2008 and, this past year, exceeded the 2007 values for the first time. The distribution of long-term investments differs dramatically among schools.

51. Gifts declined during the recession but have basically recovered to their pre-recession levels. However, this means that a potential half billion dollars of revenue they might have generated—had the recession never occurred—never materialized.
52. As noted and repeatedly documented, the revenue from denominations and religious organizations has stagnated and, as a percentage of total revenues, has declined.

53. Revenue derived from tuition deserves particular attention. Across the past 15 years, the revenue from net tuition (tuition revenue after grants and discounts) has grown from 200 million to 450 million—a growth of 150 percent. Since the year before the great recession began, revenue from net tuition has grown approximately 35 percent. While endowment and gift revenue have recovered to previous levels after a multiple-year dip, tuition revenue has actually increased—and it has increased at a rate significantly beyond inflation during years that enrollment decreased 11 percent.

54. Expenditures have grown over these years, while FTE enrollment has declined. What this means is that fewer students are paying an ever-increasing share of the costs of theological education.

55. Overall, ATS schools spend about 60 percent of their money on educational programs and student financial aid (faculty, library, dean’s office, academic support) and 40 percent on institutional support. This pattern of expenditures has been stable over the past decade.

56. Institutional costs per full-time equivalent student have generally been on the rise, but they vary by the size of enrollment—having more students reduces the cost per FTE. As is true for any generalization about ATS schools, the variation among schools is great.

57. Expenditures per FTE student in ATS schools last year ranged from under $10,000 to more than $160,000. The costs of a theological school support more than the education of students, and a cost per FTE figure fails to identify expenditures for service to ecclesial communities, the advancement of research in theological disciplines, and other important activities crucial to many schools’ missions, but the figure does provide a shorthand for institutional comparisons.

58. Overall, the financial stability of theological schools appears to have weakened over the past decade. While schools have recovered from the recession, they have not made meaningful gains in overall financial position. The percentage of schools with deficit operating budgets, when drawn from endowment is corrected to 5 percent, has increased steadily, as has the size of operating deficits. The situation would be worse if tuition revenue had not grown as much as it has during the past decade.

The overall financial picture is not bleak; the sky is not falling; institutions will not close next week. Significant financial stress exists, however, and it may well be that the stress obscures the considerable resources, financial and otherwise, that ATS schools possess. They are the richest theological schools in the world, have the most comprehensive libraries and some of the best educated faculty in the world. Maybe schools need to give at least as much thought to the abundance that they have as to the resources they lack.
ATS Responses

59. The ATS Programs and Services team has been addressing the financial issues and will continue to do so.

- ▲ Chris Meinzer, in consultation with Tony Ruger and Barbara Wheeler, has revised and improved the financial analysis resources that ATS provides to member schools through the Strategic Information Report and Institutional Peer Profile Report. The changes make the reports more readily interpretable, more easily disseminated within the school, and better able accurately to pinpoint financial strength and potential problem areas.

- ▲ Last year, the Association completed work with a second cohort of schools seeking to enhance their overall economic equilibrium, and reports of their efforts will be published in a forthcoming issue of Theological Education.

- ▲ This year, Chris Meinzer will work on a project, with the help of Tony Ruger and several CFOs from ATS member schools, to develop a resource that will help schools define economic equilibrium in their context and determine what will be needed to attain and sustain equilibrium.

60. Once again, we would pose a couple of questions for your reflection:

- Within the financial profile of schools you have just seen, where does your school fit?
- What are the implications of those trends for your school’s mission and its educational and institutional practices?

61. We have designed ATS Programs and Services to work with you to address the challenges and embrace the opportunities described in this webinar. During the year, ATS will host leadership education events for presidents, chief academic officers, chief financial officers, development officers, student personnel officers, and education technology specialists. ATS Programs and Services will host several webinars to explore some of these topics in greater depth. We will also share findings and reflections through a variety of print and digital publications. Consult the ATS website for more information about these conferences, webinars, and publications.

62. We hope you have found this brief overview of enrollment and students, faculty, and finances across the ATS community of schools to be beneficial and a good beginning point for your school’s internal conversations about these issues. We look forward to working with all of you. Again, thanks for joining us, and all best wishes for a fruitful and joy-filled 2015–16 academic year.