



## **Report, Recommendations and Implementing Strategies: Theological Education Advisory Council (TEAC)**

### **Background**

At its April 2013 meeting, the Church Council created [CC13.04.11] the Theological Education Advisory Council (TEAC) and authorized it “to consult as appropriate with other leaders both within and beyond the ELCA in order to consider how our interdependent network of theological education providers can best serve the church as it seeks to address in a holistic manner issues in leadership development, theological education, candidacy and call, and the rosters of this church.”

Representatives of the advisory council provided an update and a presentation of its report and recommendations to the Conference of Bishops and to the Church Council’s Executive Committee in October 2015.

The Church Council also began receiving responses from ELCA seminary boards in which they conveyed their readiness to work with each other and all expressions of this church in “enacting all necessary reforms to preserve and advance a strong ecology of theological education and confessional formation for the sake of the Church.”

At its November 2015 meeting, the Church Council voted [CC15.11.46]:

To receive the Theological Education Advisory Council (TEAC) report and express our appreciation for the work of the Theological Education Advisory Council;

To recognize and embrace this Spirit-led convergence of new possibilities for theological education for this church;

To affirm the innovation and collaboration already underway by the seminaries which recognize the changing climate of theological education;

To make available the TEAC report to synods, congregations, agencies, institutions and ecumenical partners;

To create a comment period inviting all the expressions of this church to provide feedback and engage in ongoing conversation about the future of the theological education enterprise in the life of this church;

To appoint a working group of Church Council members, TEAC members and appropriate churchwide staff to receive feedback from around this church, to craft possible specific implementing strategies that operationalize the recommendations in the TEAC report, and to make a report to the Church Council prior to the April 2016 meeting; and

To direct the Church Council’s Budget and Finance Committee to give preliminary thought to funding implications of the recommendations contained in the TEAC report.

The Conference of Bishops had a conversation with seminary presidents and received an update on the TEAC working group’s progress during its March 2016 meeting. Members of the conference drafted this statement:

The Conference of Bishops, at its March 2016 meeting, affirms the importance of continuing education for rostered leaders, lifted up in the TEAC (Theological Education Advisory Council) report, and affirms the expectation that every rostered leader engage in “a minimum of 50 contact hours per year of intentional continuing education” (“Life-Long Learning and Development for Faithful Leaders” adopted by the Churchwide Assembly in 1997). The Conference of Bishops further recommends that the Congregational and Synodical Mission (Leadership) Committee of the conference study the 1997 document, consult with other bishops and propose a plan for giving the 1997 recommendation meaningful structures of accountability for the sake of Christ’s mission.

At its April 2016 meeting, the Church Council took the following series of actions regarding the TEAC report and recommendations and the implementing strategies proposed by the working group.

**VOTED:**

**CC16.04.04 To claim and name the abundant gifts of our church to create and sustain a network of theological education that serves the mission of the gospel.**

**VOTED:**

**CC16.04.05 To approve TEAC Recommendation 1A and accompanying implementing strategies.**

**TEAC Recommendation 1A: To create a new advisory committee to the Church Council (hereafter the Advisory Committee) whose charge it is to sustain a robust network of theological education for the ELCA and to prioritize and oversee the implementation of the TEAC recommendations.**

***Implementing Strategies:***

- To establish an Advisory Committee as a committee of the Church Council, consisting of nine members. Representational principles of this church ELCA Constitution 5.01.f. are to be used in determining the membership of this committee. Committee members shall be appointed by the Executive Committee of the Church Council.

Committee members shall include:

- o 2 members of the Church Council, one of whom shall be named as convener by the presiding bishop
- o 1 member of the Conference of Bishops
- o 1 member identified by the seminary presidents and chief administrative officers
- o 1 member from lay schools of this church
- o 1 member from the synod vice presidents
- o 3 at-large members

Staff support shall include:

- o 1 person from the Office of the Presiding Bishop
- o 1 person from the Congregational and Synodical Mission unit
- o Additional staff as necessary

- Committee members shall serve a term of three-years with no term limits. The initial appointment of members shall stagger terms so that three members would be appointed or reappointed each year.
- To identify the responsibilities of the Advisory Committee as such:
  - o Identify clear goals, outcomes and metrics of assessment to fulfill the TEAC recommendations.
  - o Advise the Church Council on the mission, shape and scope of theological education in this church.
  - o Monitor and report to the council on the implementation of the TEAC recommendations.
  - o With the Office of the Presiding Bishop, the Conference of Bishops and the Congregational and Synodical Mission unit, monitor and encourage the maintenance of a robust network of theological education in the ELCA.
  - o Monitor and report to the Church Council the work of the seminaries in developing “a common theological education enterprise” and the work of developing a common learning platform.
  - o Report to the Church Council with recommended actions needed to sustain theological education and the theological education networks in this church.
  - o With existing seminaries and the other partners in our theological education network, report areas or resources that need to be developed to meet the current and emerging needs of this church.
  - o With the Office of the Presiding Bishop, the Conference of Bishops and the Congregational and Synodical Mission unit, identify changes needed for theologically trained leaders for the future of this church.
  - o Work with the churchwide organization, the Conference of Bishops, seminaries and lay schools to review and recommend appropriate modification to the funding formula used by the churchwide organization and synods.
  - o Work with the Office of the Presiding Bishop and the Conference of Bishops on issues of lifelong learning and rostered leader continuing education.
  - o Cooperate with the Executive Committee of the Church Council in an annual review of the committee’s responsibilities, with an assessment after two years whether this Advisory Committee should continue.

VOTED:

**CC16.04.06** To approve the remaining recommendations and refer them to the Advisory Committee and the Office of the Presiding Bishop for analysis and implementation.

**TEAC Recommendation 1B:** *To direct the Office of the Presiding Bishop to call on synods and congregations to join the churchwide organization in staffing and resourcing the ELCA theological education network in ways that recognize its centrality to the church's mission and future vitality.*

***Implementing Strategies:***

- To direct the Office of the Presiding Bishop to organize an integrated communication plan that aligns all expressions of this church (churchwide, synodical and congregational) in a clear and compelling campaign to lift up how our teaching and learning ministry is central to the life of faith in the world. This campaign would involve all vehicles available, including print media, social media and personal testimonies by church leaders – rostered and lay – to express the clear message that the baptized are called to hear the Word, ask “What does this mean?” and live as God's faithful people in the world – the organizing themes of our tradition and the heart of theological education.
- To direct the presiding bishop to work with the Conference of Bishops and the Church Council to develop clear criteria for prioritizing resource alignment within the churchwide and synodical organizations (and by extension, congregations) aimed at enhancing and extending the network of theological education across this church.
- To direct the Advisory Committee to monitor the impact of these alignment efforts for communications and resources, looking for opportunities to enhance these efforts.

**TEAC Recommendation 1C:** *To strongly encourage the seminaries in leading the development of a common learning platform that can serve to integrate and make widely accessible resources for theological education.*

***Implementing Strategies:***

- To commend the work already underway in crafting a learning exchange and securing funding to operate the learning exchange for at least the first three-year start-up period.
- To request that the seminaries provide a progress report to the fall 2016 meeting of the ELCA Church Council.
- To request that the seminaries share an update on the learning exchange at the 2016 ELCA Churchwide Assembly.

**TEAC Recommendation 1D:** *To direct the ELCA Research and Evaluation team to support the development of an ongoing robust asset-mapping process that identifies all theological education activity across this church, catalogs it, explores synergies and opportunities for scaling good practices and undoing redundancies, and makes possible an interactive and widely accessible web-based depository of theological education resources across this church.*

***Implementing Strategies:***

- To direct the Congregational and Synodical Mission unit, in consultation with the Office of the Treasurer, Information Technology, to identify potential web-based, interactive models for creating interactive asset maps of program offerings. The requirements of these models will guide information gathering as the maps are developed.
- To direct the Congregational and Synodical Mission unit to work with the Global Mission unit for resources related to Latino theological education and with the Global Mission unit, the Network of ELCA Colleges and Universities, seminaries and synods for resources related to young adult faith formation to identify relevant resources for including in asset maps aimed at each audience.
- To request that the relevant churchwide, synodical and congregational entities use the asset maps for Hispanic and Young Adult theological education resources to engage constituents in the efficacy of such maps for meeting the needs of their communities.
- Based on the results of these “pilot” asset maps, to direct the Congregational and Synodical Mission unit to explore similar maps for other key constituencies for theological education, with the aim of expanding the asset-mapping to include a comprehensive roster of theological education resources for this church and an interactive web-based model for use across this church to identify and use those resources.

- To direct the Office of the Treasurer to work with the Congregational and Synodical Mission unit to explore the resources required to create and sustain the asset maps.

**TEAC Recommendation 2:** *To link vocational discernment and theological education for specific target audiences within and beyond this church, with a focus on those whose leadership will strengthen the missional future of the ELCA.*

**TEAC Recommendation 2A:** *To direct the churchwide organization to call on synods, congregations and ELCA theological education network to join it in encouraging young adults in vocational discernment by expanding model programs such as Project Connect and Youth Theology Institutes at the synodical level to serve as pathways for future leaders in the church.*

***Implementing Strategies:***

- To direct the Office of the Presiding Bishop through Research and Evaluation to, in conjunction with the asset-mapping pilot, take stock of the churchwide resources directed to leadership and discernment and assess their respective impact on calls to church leadership. Among other things, this effort should consider the impact of this church's investment in Young Adults in Global Mission, Campus Ministry, Outdoor Ministry and other young-adult focused programs.
- To direct the Congregational and Synodical Mission unit to work with the Conference of Bishops to explore and develop a proposal to fund and coordinate experiential, immersive church leadership opportunities for young adults across this church. To request that the Congregational and Synodical Mission unit provide a proposal to the fall 2017 meeting of the ELCA Church Council.
- To direct the Advisory Committee, in conjunction with seminaries, synods and the Office of the Presiding Bishop through Research and Evaluation, to identify congregations across this church that regularly and effectively invite and encourage young people to consider church leadership and develop resources and tools that synodical bishops and staff can use to support congregations and rostered leaders to better invite and encourage young people to consider church leadership. The Advisory Committee should consider how sharing or receiving these resources could fit into the pilot project for continuing education requirements.
- To ask synods to designate a staff member or volunteer to serve as a coordinator for young adult discernment and leadership work in the synod, collaborating with partners to explore and regularly offer vocational discernment retreats for young people.
- To ask each of the seminaries to designate one seminary staff member to serve as a regional coordinator and connector for the young adult discernment and leadership work in a given region. This person would, informed by the asset mapping pilot project, seek to connect the various church and extra-church groups doing discernment and leadership for young people, including synods, congregations, ELCA colleges, ELCA seminaries, the Youth Ministry Network, Campus Ministry, Outdoor Ministries, Lutheran Volunteer Corps and intentional young adult living communities.
- To direct the Office of the Presiding Bishop and the Congregational and Synodical Mission unit to convene a leadership and discernment convocation, inviting those across this church identified through the asset-mapping project to come together to explore, vision and plan how this church in all its expressions can more intentionally invite young people into leadership in the church.
- To direct the Advisory Committee to investigate the factors potential candidates consider with regard to the practical realities of church leadership, such as finances, assignment and placement, in order to consider what changes could be made to make church leadership a more welcoming calling.

**TEAC Recommendation 2B:** *To call upon the seminaries, in collaboration with the Congregational and Synodical Mission unit, the Global Mission unit, The Lutheran World Federation and ecumenical partners, to develop networked theological education programs, resources and opportunities for ethnic-specific communities (for example, a Latino theological education network with the capacity to reach a wide range of geographic locations with growing Latino populations).*

**Implementing Strategies:**

- To direct the Global Mission unit to convene the Congregational and Synodical Mission unit, The Lutheran World Federation and the seminaries to develop a common global theological education strategy and report back to the fall 2016 meeting of the ELCA Church Council.
- To direct the Global Mission unit to convene the Conference of Bishops' representatives and the seminary leadership to develop a strategy to deploy some companion synod funds in service to theological education with our global partners and report back to the fall 2016 meeting of the ELCA Church Council.
- To direct the Congregational and Synodical Mission unit to convene the Conference of Bishops' representatives and seminary leadership to create a strategy on coordinating ethnic-specific leadership training with measurable and realistic goals and report back to the fall 2016 meeting of the ELCA Church Council.

**TEAC Recommendation 2C:** *To call upon the theological education network to organize and make available a variety of opportunities for education, training and certification of lay leaders for missional service in congregations and communities.*

**Implementing Strategies:**

- To direct the Office of the Presiding Bishop to convene key providers of Life Long Learning opportunities to share, re-imagine and coordinate the learning outcomes of their programs so that they can better advance the mission of the gospel by creating integrated curricular paths for lay leaders. This will serve both individual growth needs and help to link communities of learning.
- To direct the Office of the Presiding Bishop to work with the Conference of Bishops to design appropriate ways to recognize and credential lay leaders who complete a curricular program in theological education so that the various gifts of these leaders – gifts of teaching, preaching, service and so on – might be lifted up and put to work in ways that honor the leaders, build up the church in service to the world and serve the gospel mission.
- To direct the Office of the Presiding Bishop through Research and Evaluation to explore the creation of a social media tool (a la “Linked-In”) that would enable lay leaders to create virtual communities of practice in their work on behalf of the church and the world. Such a tool would allow these lay leaders to communicate with each other; to share good practices, helpful resources and common experiences; and to invite others committed to this work to become part of the community of practice.

**TEAC Recommendation 2D:** *To authorize the Advisory Committee, in collaboration with the Conference of Bishops and the leaders of theological education network partners, to develop recommendations for how continuing education for rostered leaders can become the norm, widely recognized as essential if rostered leaders are to lead and exercise their teaching office faithfully and effectively in a changing church in a rapidly changing culture.*

**Implementing Strategies:**

- To direct the Office of the Presiding Bishop to work with the Conference of Bishops, in consultation with the Congregational and Synodical Mission unit, to develop consistent requirements for all rostered leaders of this church for continuing theological education – requirements that are communicated as part of the call process, supported by both synods and congregations, and enforced through an annual reporting process monitored by synod bishops and councils (through the appropriate synodical committees).
- To direct the Congregational and Synodical Mission unit to work with the Advisory Committee, the Network of ELCA Colleges and Universities, seminaries and related organizations – with the assistance of Research and Evaluation – to develop a web-based catalog of theological education opportunities – delivered in person, online and in hybrid formats – that are available to meet the continuing theological education requirements for rostered leaders.
- To ask the Conference of Bishops to implement the continuing theological education requirement for rostered leaders on a three-year trial basis across the church, at the conclusion of which the experience of the trial period will be evaluated by the Advisory Committee and revised as appropriate.
- To direct the Office of the Treasurer to determine the human and financial resources needed – through churchwide, synodical and congregational sources – to undertake this recommendation.

**TEAC Recommendation 3:** *To ensure the mission vibrancy and financial stability of the seminaries of the ELCA as they serve their crucial roles in our theological education network.*

**TEAC Recommendation 3A:** *To call upon the seminaries of the ELCA in the next three years to form a common theological education enterprise that has the necessary planning structures and appropriate decision-making authority to (1) enable regular strategic sharing of the faculty resources of the seminaries along with other qualified teachers; (2) organize common recruitment and a common application process; (3) generate a common research agenda that serves the flourishing of the church; and (4) enable operational efficiencies that free up the resources needed for expanded work and new experiments in theological education.*

**TEAC Recommendation 3B:** *To encourage the seminaries, as they pursue the development of a common online learning platform (as stated in Recommendation 1C) that could bring together the theological education resources of seminaries, lay schools, colleges, universities and other partners, to include an experimental online portfolio that could support lifelong learning for all the baptized and a continuing education requirement for rostered leaders.*

**TEAC Recommendation 3C:** *To support the efforts of the seminaries to balance their budgets and increase reserves while also reducing seminarian student debt by exploring alternative organizational models, exploiting underutilized property assets, sharing administrative infrastructure, testing alternative degree models and expanding coordinated scholarships and degree-accelerating arrangements that can make theological education more affordable for more people.*

**TEAC Recommendation 3D:** *To develop a process for making available synodical and churchwide funds for innovation in both academic and administrative practices as incentives to strengthen the work and financial condition of seminaries.*

**Implementing Strategies:**

- *To commend to the presiding bishop the convening of seminary presidents, board chairs and representation from the bishops on seminary boards on a regular basis to seek common ground in implementing specific strategies that lead to a more integrated, strategic, faithful and effective theological education system across the eight seminaries of this church. Regular reports on these conversations should be made to the Advisory Committee and concrete plans for collaboration and integration should be documented and supported. Among the key themes for these consultations are:*
  - *How the concept of an integrated system of theological education can be implemented and governed among the seminaries.*
  - *Ways in which curricular reform can be integrated and supported across the system.*
  - *Ways in which student registration (common registrar) can be centrally coordinated/integrated among the schools.*
  - *Ways in which a common application for all ELCA seminaries might streamline the enrollment process.*
  - *How enrollment in online educational offerings can be maximized through expanded offerings made available to other campuses.*
  - *How to establish a cross-bridge between the TEEM certificate and the M.Div. degree through a common program for assessment of demonstrated competencies.*
  - *How to create and sustain a system-wide research agenda for theological education.*
  - *How to prioritize faculty sharing (dually appointed), common back office management, distributed-learning and other forms of seminary/seminary and seminary/college collaboration that serves intentional movement toward system-wide coordination.*
  - *How to establish common accounting and general ledger modules for use by all seminaries.*
- *To ask seminary leadership, as they develop the shared learning exchange, to include creation of a personal portfolio that can be developed and accessed by each rostered leader in support of his or her lifelong learning goals, and encourage the continuation of rostered leader learning cohorts and the formation of cohorts which may emerge out of using the portfolio.*

- *To call on each of the seminaries to share with the Advisory Committee by September 2016 (a) a progress report on its efforts to move toward meeting the fiscal benchmarks identified in the TEAC report; and (b) a plan of action to advance this work in the next two years, including measures to:*
  - o *Improve liquidity and operating results (Net Income, Net Operating Revenue, Viability and Composite Ratios, student enrollment and student debt)*
  - o *Maximize use of property assets (achieving efficiencies from rental/lease agreements and/or sale of unused property).*
  - o *Coordinate and integrate systems across the seminaries with proposed Common Platform (identify level of involvement, investment and short- and long-term benefits)*
  - o *Establish educational partnerships to reduce costs and improve efficiencies while anticipating increased affordability for students.*
- *To request that the Advisory Committee bring the following proposals to the fall 2016 meeting of the Church Council (a) a proposal for developing a new pattern of establishing benchmarks for synodical support to seminaries, including the designation of some portion of this support for innovative work that the seminaries and their supporting synods together identify as ways to strengthen their partnership in theological education; and (b) a proposed revision of the ELCA churchwide funding formula for seminaries which would be effective at the beginning of the 2017-2018 academic year, designating a portion (10-15 percent) of the total grant to be directed to promote and facilitate measures undertaken by the seminaries to move toward a common theological enterprise that enables operational efficiencies and innovation that free up resources needed for expanded work and new experiments.*

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<b>Appendix A</b>	<b>Report and Recommendations from the Theological Education Advisory Council</b>
<b>Appendix B</b>	<b>Letter from Theological Education Advisory Council (TEAC) Working Group</b>

## **Report and Recommendations from the Theological Education Advisory Council**

When the Theological Education Advisory Council (TEAC) began its work in fall 2013 to fulfill its mandate from the Church Council “to consider how our interdependent network of theological education providers can best serve the church as it seeks to address in a holistic manner, issues in leadership development, theological education, candidacy and call, and the rosters of this church,” (CC13.04.12) one of its first decisions was to conduct a “First Listening” survey. This survey asked a wide range of ELCA leaders to answer three questions: (1) What is the vocation of the Lutheran movement in our North American context? (2) Into what forms and context of public witness and service is God calling this church for which we need to prepare leaders? (3) What kinds of forms of education and contexts will best create the learning and equipping communities need to live faithfully into God’s mission?

When TEAC reviewed a report on the survey responses at its subsequent meeting, it was clear that ELCA leaders see the work of renewing theological education as far more than finding solutions to specific organizational, financial and pedagogical challenges, but as a deeply theological matter<sup>1</sup>. As TEAC continued its work, it became increasingly clear that it was important to make explicit the theological framework that holds together its recommendations and points to how essential it is to consider, improve and act on them.

### **Theological Framework of TEAC’s Report and Recommendations**

TEAC comes to its recommendations out of a deep sense that God is calling us as Lutheran Christians to claim our distinctive theological voice in the world and an equally firm sense that often we do not feel equipped to pursue our callings. The recommendations that follow, therefore, lift up both the promising ministry of the faithful in God’s world and the need for our church to strengthen its teaching ministry to equip the faithful.

#### ***What is the situation we are addressing?***

Our public discourse and practices in the early 21st century are impoverished because the loudest voices tend to garner fear, exclusion, legalism and violence, and these voices often prevent us from naming a vision of life together that illumines God’s intentions for God’s people.

We need voices in the world that speak a theological language of hope, grace, inclusion, reconciliation and compassion that help us name and live into our deepest aspirations as people of faith. We need to equip and sustain those voices. We need to be those voices.

#### ***What are the challenges and opportunities we have as we respond to the dominant voices in our culture?***

As Lutheran Christians, we have daily experiences in our congregations and organizations that illustrate both the challenges and opportunities that we face. Here are several examples:

*“I was leading a Bible Study on Matthew 4:1-11, Jesus being tempted in the wilderness, when I realized that as Lutherans in a river of Cultural Christianity, we are paddling upstream against a current that has been in full force for longer than we would like to admit.*

*I had spent an hour teaching about Jesus in the wilderness. My colleague and I had both done faithful exegesis of the text and talked about Jesus’ true temptation being to deny God’s claim on his life – to shed the identity of “Child of God” and choose instead to live by the rules of this world. We talked about how it was dangerous to superimpose this text onto our own lives and experiences, because while we can try to deny temptations – we are not and never will be Jesus. This, we said, was part of Jesus’ journey to show us that while he was 100% human and capable of being tempted, he was also 100% divine and capable of resisting temptation at every turn. I must have said 20 times, “This is not about US, this is about Jesus.”*

*When we were wrapping up, I asked the final question – “Do you have any questions or comments about*

<sup>1</sup>For the “First Listening Report” by Kenn Inskeep and Adam DeHoek, see Attachment 1



*today's study?" And the conversation immediately devolved into "How can I resist temptation like Jesus?" and "I need to show this story to my teenager – maybe it will help her resist the temptations she is facing – she needs to be more like Jesus..." and so on. I looked at my colleague and could tell she was feeling just as defeated and deflated as I was.*

*I get it. I really do. Tuning into the local Christian Radio station every day, my congregation members hear over and over about a God who wants us to try harder, be better, and live more moral lives. They hear a WWJD theology that soon becomes all about law and nothing about Gospel. To teach about a God of grace, who calls us "Child of God" despite our inability to resist the temptations of this world is a radical and counter-cultural message. To speak of scripture as first and foremost about GOD and not about US is a truly radical notion. How can our teaching be more compelling? How can we encourage people to tune into this "Free in Christ" theology that is so life-giving instead of tuning into the most popular notion of Christianity that is so deeply embedded in our culture?*

*We keep teaching, and we keep preaching – about scripture that points us toward the one who died and rose again so we could be free. We search for more and more creative and innovative ways to move into the world with this message of grace that truly transforms hearts and lives. And we hope and pray that one seed planted at a time will grow into a garden of grace that is a gift to the world." (Pastor Kris Capel, Easter Lutheran Church, MN)*

*"At Augsburg College – like most of our sister ELCA colleges and universities – we serve an ever more diverse student body even as we seek to sustain our identity as Lutheran Christian institutions. All of our undergraduate students take two required religion courses, at least one of which is explicitly grounded in our Lutheran Christian heritage. As these diverse students, representing a wide range of religious and non-religious traditions, are asked to read the Christian scriptures and read Christian theology, the obvious challenge is the sense that we are imposing our theology on those who do not share our faith.*

*Our experience, though, points to a very different dynamic. After initial skepticism about these requirements, our students begin to engage the theological concept of vocation, with its focus on how we are called to lives of meaning and significance in the world. And instead of the sort of careerism that passes for a cultural understanding of vocation – the incessant call for an upwardly mobile trajectory – students learn about what it means to listen for a call, to see vocations as grounded in communities, to understand how all aspects of a life are part of a vocation, even to imagine that your call may require sacrifice. As our religion faculty often recount, these diverse students begin to imagine together a counter-cultural way of understanding their lives in the world.*

*For me, this is what evangelism looks like in the 21st century. In our colleges, we offer the gifts of our Lutheran Christian tradition to all of our students, no matter their own beliefs – gifts like the concept of vocation, the commitment to critical and humble inquiry, the openness to the other, a focus on serving the neighbor and building just communities, and the promise of a reconciling and loving God – not so that they might be converted to our faith, but so they might be equipped to live even more faithful and generous lives in the world. That is the power of our Lutheran theological voices in the 21st century." (President Paul Pribbenow, Augsburg College)*

*"We live in a post-denominational age where people arrive at our churches, not because they are Lutheran, but because we have music, programming, or a sense of community that they appreciate. As a result, the theologies we encounter in Bible studies and during informal conversations are varied; at times conditioned, or formed, by the traditions they come from or by the myriad of socio-cultural influences that promote fundamentalist religiosities. As pastors and theologians we become hypersensitive to our congregant's belief systems; to how they articulate, or not, their faith; to how they engage, or not, the world around them. We are consistently challenged to teach and articulate why and how Hollywood got it wrong and why and how that author got it right, "for the most part, but he or she*

*missed the mark when making such a generalization or absolute claims about God, salvation, sin, grace..."*

*As pastor of a suburban congregation that welcomes people of all backgrounds and religious experiences, I have become more and more aware of people's theological worldviews. There are women who hang on every word taught by Beth Moore in her books and Bible study series. I have youth and young adults that look forward to movies like, "God's Not Dead" and "Courageous." And we have members who frequently refer to what they heard told by Joel Osteen, Rick Warren, and Joyce Meyer on any given morning. While these can offer some insight on how to live out our faith on a daily basis, they do not provide a theology in keeping with our Lutheran heritage and therefore, can promote theological dissonance and confusion.*

*We understand our call to participate in Christian formation that is based on a theology grounded in gospel messages of unconditional love and grace, authentic reconciliation and transformation, and true justice and peace. If, and when, we teach and preach with this intentionality we can grow into a church that is theologically literate and able to resist the dominant culture and its seductive lure to conform.*

*Responsible and sound theological education is key to the spiritual maturity and, I would argue, the physical growth of our church. The more we understand, the more we'd be willing to share. The more we share, the more we're likely to flourish." (Pastor Leila Ortiz, Good Shepherd Lutheran Church, PA)*

**Joining with our fellow faithful who share our vision of creation and communities characterized by reconciliation, compassion and hope, we come as Lutheran Christians with a theology grounded in the Gospel and a calling to speak a Word of love and grace in the world God loves so much.**

#### ***How will we renew and recover this Word and our callings as the faithful?***

Our spiritual ancestor, Martin Luther, called us to an understanding of the church as the "priesthood of all believers," a vision of the community of faith that pivoted away from the notion that there was a religious class that carried out the ministries of the church and instead proclaimed that all the baptized were called to be "little Christs" to our neighbors and to be God's hands at work in the world.

In the context of our 21st century lives, we contend that we have a special need to focus on our callings as Lutheran Christians to the ministry of witnessing theologically to a counter-cultural Word. To that end, we must explore with imagination and resolve how we can organize and unleash the resources of our church to equip the baptized to be voices that speak of love and grace, hope and reconciliation, inclusion and compassion – voices that call for us to heal the world God loves so much.

**We call on our Church to reinvigorate its teaching ministry to equip the baptized for this ministry. Specifically, we propose a more integrated understanding and practice of theological education for all God's people – an ecology and a network of complementary, interdependent opportunities.**

#### ***What is the Word we speak?***

At the heart of this calling are our faith tradition's theological claims/charisms that both ground the network and offer a perspective counter to the dominant voices in our culture:

- The gift of Gospel in a world bound by law. We believe that we have been saved through the gift of faith alone and are thereby freed for service to the neighbor and the world. Our theological education network is grounded in the Gospel and should be organized to serve God's loving intentions for the world.
- The gift of Abundance in a world of scarcity. We are called to proclaim that as disciples of Jesus Christ, we believe that there is always more than enough to do God's work. Our theological

education network is framed by this sense of abundance, the belief that the many gifts of our church can be deployed with imagination and resolve to create a robust network of opportunities for all the baptized.

- The gift of Hope in a world of fear. We believe that God is in charge and that we have the gift of a horizon for our lives in the world that counters fear and anxiety and offers the promise of hope. Our theological education network embraces the horizon of hope and focuses on helping the baptized to be beacons of hope in a fearful world.
- The gift of Neighbor-love in a world of radical individualism. Over against the loudest voices in our culture that claim it is all about me, we believe that we are called to love and serve our neighbors around the world and all of God's creation. Our theological education network has, at the heart of its mission and work, a bias to loving and serving all of God's creation.
- The gift of Reconciliation in a world of retribution and division. We believe that we are called to forgive as we are forgiven and to build communities of reconciliation, inclusion and justice. Our theological education network intends to be a model of global inclusion, aimed to serve diverse audiences and to invite all people to God's overflowing banquet table.

***What are the principles that must characterize a renewed network of theological education for our church?***

A network of theological education for our church that serves to both proclaim and model these charisms will be characterized by the following principles:

- The network will itself be viewed as a vocation, a calling by God that is grounded in communities of practice and memory (at all levels), and that challenges us to make decisions and shape its work in ways that may call into question the status quo.
- It will be more of a "Lutheran movement" involving many partners rather than one more Lutheran organization, marked by flexibility, responsiveness and fluidity of boundaries.
- It will honor the mutuality that is at the heart of a healthy teaching and learning community, lifting up the fact that all of us can teach and learn from each other and resisting the hierarchy of the traditional academic culture.
- It will seek to undo redundancies of organizations and programs across the church, combining efforts that work best together, scaling good practices, stewarding well the gifts we have been given, finding consistency that counters one-off initiatives and builds common purpose.
- It will be an inclusive network, organized as a network of diverse people and programs to serve all God's people.

***We humbly come with the following recommendations for reform and renewal of the theological education ministry of our Church in the belief that God calls us to semper reformanda, the call to loving reform that acknowledges that only God knows all and that seeks ways to discern God's will for God's people – our church – in this time.***

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**RECOMMENDATIONS FROM TEAC TO THE CHURCH COUNCIL**  
*(for first reading at Church Council's Nov. 2015 meeting and action at the April 2016 meeting)*

**Consultations and Research Underlying TEAC's First Two Recommendations**

Between fall 2013 and the summer of 2015, TEAC convened numerous consultations (and participated in gatherings convened by others) that included a broad range of ELCA leaders in congregations, synods, the churchwide organization, seminaries, colleges, universities, lay schools, campus ministries and outdoor ministers along with ecumenical and global partners. Through these conversations, TEAC gathered a sense of the range of existing and potential partners for our theological education network, what resources they bring to the table, ways the network is already a reality, promising measures to multiply and deepen connections, and crucial ways we need to expand the reach of theological education.

In addition to these face to face consultations, TEAC commissioned a modest asset-mapping project that has pointed to the value of making this a regular, on-going process.<sup>2</sup> TEAC members have been encouraged by what they have learned about the serious conversations already underway among seminary leaders concerning potential collaboration in a common on-line platform that could greatly strengthen and expand our theological education network.<sup>3</sup>

**Recommendation #1**

*Claim and name the abundant gifts of our church to create and sustain a network of theological education that serves the mission of the gospel*

**Proposed actions of the ELCA Church Council:**

- A. To create a new advisory committee to the Church Council (hereafter the Advisory Committee) whose charge it is to sustain a robust network of theological education for the ELCA and to implement the TEAC recommendations.
- B. To direct the Office of the Bishop to call on synods and congregations to join the churchwide organization in staffing and resourcing the ELCA theological education network in ways that recognize its centrality to the church's mission and future vitality.
- C. To strongly encourage the seminaries in leading the development of a common learning platform that can serve to integrate and make widely accessible resources for theological education.
- D. To direct the ELCA Research and Evaluation team to support the development of an ongoing robust asset-mapping process that identifies all theological education activity across the church, catalogs it and explores synergies, opportunities for scaling good practices and undoing redundancies, and that makes possible an interactive and widely accessible web-based depository of theological education resources across our church.

<sup>2</sup> See Attachment 2

<sup>3</sup> See Attachment 3

## **Recommendation #2**

***Link vocational discernment and theological education for specific target audiences within and beyond the church, with a focus on those whose leadership will strengthen the missional future of the ELCA.***

### **Proposed actions:**

- A. To direct the churchwide organization to call on synods, congregations and our theological education network to join it in encouraging young adults in vocational discernment by expanding model programs such as Project Connect and Youth Theology Institutes at the synodical level to serve as pathways for future leaders in the church.
- B. To call upon the seminaries in collaboration with the Congregational and Synodical Mission unit, the Global Mission unit, the Lutheran World Federation and ecumenical partners to develop networked theological education programs, resources and opportunities for ethnic-specific communities (for example, a Latino theological education network with the capacity to reach a wide range of geographic locations with growing Latino populations).
- C. To call upon the theological education network to organize and make available a variety of opportunities for education, training and certification of lay leaders for missional service in congregations and communities.
- D. To authorize the Advisory Committee, in collaboration with the Conference of Bishops and the leaders of theological education network partners, to develop recommendations for how continuing education for rostered leaders can become the norm, widely recognized as essential if rostered leaders are to lead and exercise their teaching office faithfully and effectively in a changing church in a rapidly changing culture.

## **Consultations and Research Underlying TEAC's Third Recommendation**

Following its October 2014 meeting with seminary presidents, deans, board chairs and synod bishops serving on seminary boards, TEAC began exploring the idea of engaging consultants to help with further exploration of the financial and organizational challenges and opportunities of our seminaries. The firm Baker Tilly was selected to work with TEAC and the seminaries to gather and analyze a wide range of data, to consult with seminary leaders on their campuses about their distinctive gifts, challenges and mission possibilities, to identify underutilized assets, and to generate a range of possible scenarios for moving forward the development of a theological education network that is more far-reaching, more connected and flexible, and more sustainable.

The Baker Tilly team shared draft report materials with both TEAC and seminary leaders over the past several months. They discussed their final report with TEAC in August. They also presented a summary at Bishop Eaton's consultation with seminary board leaders (two from each school) on August 28, 2015. The Power Point presented that day was also shared during the October meeting of the Conference of Bishops and the full report was made available electronically.<sup>4</sup> Key themes, findings and counsel in the Baker Tilly report (BT) are summarized in the following headings and expanded on in the accompanying excerpts from the full document.

<sup>4</sup> See Attachment 4

***We live in “interesting times” and need to respond to major ongoing changes in the culture, in the church, and in the economy of theological education***

*“Theological education across all denominations is facing challenges like never before as rapid cultural changes have made religious belonging and participation much less the norm. These include unprecedented decreases in mainline denomination membership, reductions in numbers of congregations, and reductions in those seeking careers in ministry and related fields. The ELCA theological education network and institutions also face serious challenges related to their current fiscal position, constrained resource levels, and resources that are tied up in underutilized assets.*

*(BT Final Report, p. 1)*

***In such a time as this, the renewal of theological education necessarily happens through experimental innovation—which requires calculated risks and open assessment***

*“The ability to experiment and innovate to meet emerging and ever-changing mission-based demands requires more flexibility in aligning assets and programs, a repurposing, if you will, of existing resources toward the most impactful and urgent opportunities. It also requires the ability to take calculated risks in trying new approaches, accepting that there is no guarantee that every approach tried will have the intended outcomes. In other words, having the financial bandwidth to have failed experiments is critical as the ELCA considers how it will respond to meet mission needs of the future.” (BT Final Report, p. 1)*

***We are not currently putting our property assets and faculty resources to their fullest and most effective use***

*“ . . . the level of physical assets currently committed is at a level which exceeds the optimal level for the currently enrolled student population . . . . There is too much space for current needs. This excess capacity should either be repurposed for expansion of mission, sold for one-time revenue, or rented for recurring revenue...*

*While it is recognized that each seminary has its own ethos and academic emphasis, our conversations across campuses identified faculty sharing as an approach to aligning resources to mission.*

*In many cases individual seminaries have right-sized faculty positions to the point where further reductions will harm their ability to be a viable quality education institution. However, there is still a need to align specialization with student demand to ensure that student demand is optimized.” (BT Final Report, p.14)*

***Transformation will require collaboration that makes possible more productive use of currently underutilized resources***

*“The transformation of the delivery model needs to accomplish several things, most notably alignment of resources in a manner that expands the reach of theological education, is flexible in supporting the needs for rostered leaders, and is funded within recurring and reliable resources. Collaboration to optimize resources is a critical component of that transformation. Starting within the ELCA there are many opportunities to collaborate.”*

*(BT Final Report, p. 11)*

***ELCA seminaries have been working hard to innovate and partner for the sake of mission***

*“The seminaries and their individual boards continue to work diligently to address issues of sustainability from both mission and fiscal perspectives. Seminaries have been entrepreneurial in locating partnerships across a variety of entities to enhance academic programs, foster academic and administrative shared services agreements, and offer combined degrees. Seminaries often look to local partners before ELCA seminary partners, and in fact, significant cross collaboration on shared courses occurs with non-ELCA seminaries (e.g., Graduate Theological Union, Association of Chicago Theological Schools, etc.).*

*Likewise, innovation is occurring relative to expanded or enhanced mission focus across all campuses building on the distinguishing attributes of each seminary. Specifically we noted the following innovations to be celebrated:*

- *Revised Master of Divinity program approaches*
  - *Revised program length to address debt issues*
  - *Revised focus to enhance leadership development*
  - *Increased time in and/or changes in sequencing of onsite placements*
- *Increased partnerships for emerging ministries*
  - *Rural Ministries (e.g., cross seminary efforts)*
  - *Urban Ministries (e.g., nonprofit partnerships)*
  - *Emerging Population Ministries (e.g., TEEM)*
  - *Ecumenical/Interfaith Centers (e.g., Islamic Studies and Interfaith Relations)*
  - *Multi-vocational leaders*
- *Expansion of those educated, and strengthened congregation and seminary relationships*
  - *Seminary Advocates*
  - *Sponsored Congregational Leadership Development Events*
  - *Online Education for Lay Leaders*
- *Collaborative recruitment at ELCA Colleges and Universities*
- *Distance Learning offerings” (BT Final report, pp 15-16)*

***The work of innovation needs to become more systematic within seminaries, more connected between them, and more reliably resourced***

*“However, these innovations are occurring in pockets and do not currently exhibit broad based sharing of either expertise for experimentation or results for effective implementation of effective practices. In fact, a lack of resources consistently available for innovative efforts restricts the ability to conduct meaningful and data driven experimentation in a manner that will have long-term impacts on the attraction and development of church leadership nationwide.*

*Thus, unfortunately, the potential for mission expansion is continually burdened for most by a required focus on financial challenges (e.g., structural deficits, overextended student debt, the constant pressure of fundraising, and burdensome reliance on endowment).” (BT Final Report, p.16)*

***Transformative change that expands mission requires all the stakeholders to come to the table and be responsible to each other***

*“The power to make significant change resides at the local (seminary) level. In fact, under the current ELCA bylaws, while the ELCA has authority to “sponsor, support, and provide for oversight of seminaries” . . . each seminary is a separately incorporated entity with a separate governing body that holds the power to make all strategic decisions.*

*The difficult challenge is that while the “power” resides at the individual board level, the desire for change impacts stakeholders throughout the entirety of the Church. As such, it is imperative that all stakeholders convene to develop an attractive strategic plan that promotes sustainability in the broadest sense. The level of involvement in a new strategy to transform theological education by ELCA churchwide is ultimately the decision of each seminary board; however, that being said, the tremendous benefits of a common vision, central oversight approach, consistent and reliable funding source, and convener of impactful initiatives should not be minimized.” (BT Final Report, p. 17)*

***Baker Tilly’s report offers a “model matrix” as a resource for considering what organizational structure(s) can best serve sustained innovation for the sake of mission***

*“One question is: can eight independent institutions find a way to individually or collectively achieve sustainability and contribute resources to help meet the educational needs identified by TEAC? That*

*question, in turn, leads to speculation that there might be a better way to corporately configure the institutions so that resources may be repurposed to meet those needs. There is no easy answer and until the model or paradigm shift is determined, executing on the logistics of the model is not feasible. However, understanding the impacts and risks of each potential approach is critical to finding the solution . . . (BT Final Report, p. 3)*

*“The governance options presented in this report provide a broad continuum of centralized and locally focused governance intended to drive discussion about the greatest point of sustainable impact . . . The governance models offered provide the information required to objectively view various options towards sustainability of which the recommended solution may be somewhere in between or a combination of all of the above. (BT Final Report, p. 18)*

The four action items under recommendation #3 have been developed during several TEAC meetings (going back to fall 2014) in an iterative process that has included conversations along the way with churchwide, synodical and seminary leaders. The work of the Baker Tilly team has been very helpful both in grounding these conversations and in opening up imagination to new possibilities. The following recommendation and action steps are modest in that they do not provide a fully definite picture of how our seminaries should be organized in the future nor a detailed roadmap for how to get there. At the same time, they are ambitious in that they call for something very new (“a common theological education enterprise”) that achieves major outcomes on a short timeline that will require strong, persistent engagement both by the seminaries and by the rest of the ELCA.

### **Recommendation #3**

***Ensure the mission vibrancy and financial stability of the seminaries of the ELCA as they serve their crucial roles in our theological education network***

#### **Proposed actions:**

- A. To call upon the seminaries of the ELCA in the next three years to form a common theological education enterprise that has the necessary planning structures and appropriate decision-making authority to: (1) enable regular strategic sharing of the faculty resources of the seminaries along with other qualified teachers; (2) organize common recruitment and a common application process; (3) generate a common research agenda that serves the flourishing of the church; and (4) enable operational efficiencies that free up the resources needed for expanded work and new experiments in theological education.
- B. To encourage the seminaries, as they pursue the development of a common online learning platform ([as stated in Recommendation 1.C](#)) that could bring together the theological education resources of seminaries, lay schools, colleges and universities and other partners, to include an experimental online portfolio that could support lifelong learning for all the baptized and a continuing education requirement for rostered leaders.
- C. To support the efforts of the seminaries to balance their budgets and increase reserves while also reducing seminarian student debt by exploring alternative organizational models, exploiting underutilized property assets, sharing administrative infrastructure, testing alternative degree models and expanding coordinated scholarships and degree-accelerating arrangements that can make theological education more affordable for more persons.
- D. To develop a process for making available synodical and churchwide funds for innovation in both academic and administrative practices as incentives to strengthen the work and financial condition of seminaries.



## First Listening Report for the Theological Education Advisory Council

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December, 2013

Members of the Theological Education Advisory Council (TEAC) were asked to distribute a set of questions to individuals (and groups) to help inform the work of the Council. As of December, 126 individual responses had been received by Research and Evaluation and this is an initial report on those responses. We have also reviewed the responses we received from five seminaries and provided a very short summary at the end of this report.

### **Question 1: What is the vocation of the Lutheran movement in our North American context?**

While Lutherans have no exclusive claim to an emphasis on the graciousness of God, it is central to the Lutheran tradition and when asked about the vocation of the Lutheran movement in North American, many formed their response around this and other central Lutheran themes.

*The vocation is the steadfast proclamation of grace, and boldly proclaiming and living out radical inclusivity and the celebration of diversity.*

*The vocation is to bring the theology of grace to bear. For that we need both to continue to delve into a theological understanding of Grace and how it impacts everything we do and say and we need to develop a practical theology of grace that impacts our actions.*

*When it comes to teaching the faith, it is increasingly my experience there is a hunger in Lutheran congregations for understanding our Lutheran Confession of faith—and not only historically and how it is our lens for understanding scripture, but also in relating to the world around us in ways that are not only meaningful and relevant, but are also acted upon and articulated with a Lutheran understanding of our faith . . . in sacramental ways . . . giving flesh and life to God's grace that we have in Christ Jesus.*

*Our vocation is to live into the paradoxes of the Lutheran life: saint/sinner, law/gospel, etc. We are called to preach the gospel of grace through faith with both our actions and our words.*

*We are called to live a life reflecting Christ's love alongside the people in the communities we serve by meeting them where they are in life, seeking to engage in authentic relationship, and living in a grace-filled way to accompany others in life.*

*In short, to communicate and respond to God's grace.*

*Our vocation is to serve boldly in the name of Jesus Christ, embodying His love, grace, forgiveness, and peace through daily ministry with and for a world in need. We are to seek out those places of brokenness and opportunity, sharing our gifts in community to the glory of God and for the sake of the world, inviting others to come to know the unconditional, redeeming love of our Savior.*

*In this context, what's the witness of Lutherans, which we speak best? And if we don't speak it well, it won't get said? Three things: 1) Incarnation: God loved us enough to become one of us; 2) grace: that love is utterly surprising, unconditional, ecstatic; 3) death and resurrection, that mysterious breaking and re-making that fashions a new creation that is really new, not the old creation warmed over.*

*The unique charisms of the Lutheran movement in the North American context involves bridging the catholic and evangelical traditions, i.e. honoring the scriptural and liturgical traditions we have inherited while maintaining a strong emphasis on God's saving work in Jesus Christ and a realistic assessment of humanity's limited capacity to save ourselves. With all Christians, we share the call to reveal God's saving work in every context in which we find ourselves, continuing Christ's ministry of compassion, healing, forgiving, liberating and reconciling.*

Embedded in the responses were at least two additional components of the vocation which describe the great potential of the movement.

1. There was an emphasis on education—being a learning community including the use of approaches which are relational and which produced and are further informed by service. This Lutheran approach to education is a response to God's grace which, in turn, generates a vocation intent on contributing to a better life for all.

*I think the Lutheran church should work harder at being relationship-centered—in the context of building relationships through intentional listening and actively caring about individuals within the church community, whether churched or unchurched. Pastoral leaders are expected to care for their parishioners and they can help those they serve by being good listeners, and not necessarily problem solvers, while sharing God's love.*

*To receive and hold Jesus' Word of Grace and build faithful Christian communities around it and to allow it to motivate us toward service and partnership with others.*

*The vocation of the Lutheran movement is, along with other Christians, to offer others an experience of God's grace in a word of forgiveness, an unbidden act of kindness, in a cup of cold water, in food, shelter, clothing, in setting the prisoner free, in worship, fellowship, and stewardship. The particular charism of the Lutheran tradition is to be unrelenting about grace, which involves a radical commitment to telling the truth about what it means to be human and what we know about God. Although, we do not often talk about or practice things that reflect it, I also believe that the Holy Spirit is calling us to engage new people*

*who are not in church, who are interested in God. In this case, our vocation is to listen, learn and wonder and worship together with others who may not have as set an understanding of who God is.*

*I think an even more critical role for the Lutheran movement involves its local congregations. When Lutheran congregations cling to their own best traditions (including, at least in my mind, essential law and gospel distinctions, the transformative power of the preached Word, a deep love of sacramental worship, great freedom with regard to tradition, and a provocative, paradoxical understanding of Christian ethics) they provide powerful and significant “instances” of the Body of Christ. In other words, the Lutheran movement can make for some unique and vital Christian congregations. It’s my hope that these congregations continue to survive in the ‘marketplace’ of North American organized religion—principally because they are a gift to their members, the broader community, and the Church of Christ in that place.*

*To connect people to God’s grace in such a way that they are empowered to serve and love, rather than squabble and grasp at power.*

*We are a people that understand the promise and value of paradox (sinner and saint, ancient and future, right now and not yet), a gift to a North American society that is filled with ambiguities. As our society transitions from modernity into post-modernity (for I do not believe we are entirely post-modern yet), our ability to speak confidently and clearly about the nature of our loving God and God’s use of paradox and grace will speak powerfully to this North American context.*

2. There was also the perception Lutheran potentially offers a strong alternative many might find compelling if only more were aware of it. This alternative is based in a communal experience of God’s grace which is not dogmatic but remains faithful to Lutheran theological convictions.

*I think the specifically Lutheran understanding of Grace and Vocation are much needed in the North American context. The idea that God comes to us as a gift of grace and not as a result of our own achievement is a message US Americans desperately need. We need to equip our members to be willing and able to articulate this understanding in a clear and affirming way.*

*Time and time again I find people discover the radically open theology of the ELCA to be refreshing and warming; however, they seem unaware that such a theology existed. If I had to synthesize I would say that the vocation is to reach out to others, as it has always been. However, this is not meant to be a conversion, but more of a “witnessing through witnessing” to steal the language of Brian McLaren.*

*In a culture based on fear of the other, and fear of rejection, the Lutheran take on Christianity offers a God who accepts us unconditionally, freeing us from saving ourselves*

*and fearing others. It opens the door wide for us to equip all the baptized to live out their vocations in the world, serving others rather than saving themselves.*

*To bring the hope of the gospel, justification by grace through faith, to a continent in bondage to works righteousness and tit-for-tat living. To let the continent know that there is church where questions and doubt are accepted as part of the faith journey, and where faith is not expressed or practiced as in the judgmental way of the most visible forms of Christianity in North America—fundamentalist and cold evangelicalism.*

*Ultimately, the North American context reveals a deep longing for true relationship. Lutheran theology is well at home in this context, valuing dialogue over diatribe and paradox over pat answers. Therefore call and equip leaders who are comfortable in the messiness of life and faith, who are willing and able to engage in meaningful conversation. “Orthodoxy” may be seen as our trump card in the conversation, but we should perhaps lead from a position of serving and mutual respect. Lutheran folk have the theology that embraces the broken and the redeemed parts of life. Claimed and called in Baptism. This is as “real” as it gets! This certainly does not mean that we compromise our Lutheran identity. In fact, just the opposite - our Lutheran identity is perfect for this context. Be Lutheran to the core and not ashamed of it!*

*I believe our vocation is to be a voice for God’s grace, unattached to our potential to earn, achieve, or purchase that grace. I believe that we are uniquely positioned theologically to offer food for the deep craving that many people express and seek to fill in a variety of ways. Our understanding of care of neighbor and creation because of our freedom speaks to generations who find meaning and truth in service and experience of community in what would be considered ‘non-traditional’ contexts.*

*We have an amazing emphasis on God’s grace, and an amazing world-view that is, generally speaking, open-minded and open to differing views. We offer a different flavor of Christianity that does not fit into the stereotypes of American Christians. We need to claim this niche and use it to serve others and share Jesus’ love with them.*

*To build and equip communities around the Gospel of Jesus Christ in a manner that connects to people who are increasingly suspicious or uninterested in institutional religious structures.*

*To be able to answer the question, ‘Tell me about Jesus’ with each other, and more importantly, with the people who are not presently Lutheran or even Christian. Could we dare suggest that our answers might be changed/affected by what we hear from each other, or (gasp) from the afore mentioned “Nones?” I believe the people of this North American context we seek to serve would be intrigued by such a witness.*

These two components of a vocation grounded in traditional Lutheran themes suggest finding a compelling and functional answer to two related questions might be key to the future of the Lutheran movement in North America.

1. How can Lutherans be simultaneously non-dogmatic and faithful?
2. How can the truths or insights Lutherans hold be more available, more easily recognized, understood, and embraced by more people?

Working toward a better and wider cultural understanding of ELCA Lutheran commitments is ambitious particularly in a world which appears to be increasingly uninterested in the role of theology in making important distinctions. Or, put differently, it is an ambitious goal in a culture where many believe theological distinctions are more likely to produce maliciousness than good. This goal also challenges what appears to be the case for a typical ELCA Lutheran. For example, one issue is the extent to which ELCA Lutherans are willing to claim some level of “truth” for their beliefs especially in contrast to the beliefs of others. To illustrate, we have included the following from a 2008 survey of Lutheran congregational leaders from the survey panel *Lutherans Say . . .*<sup>1</sup>

#### *A Lutheran Theological Identity*

*While these Lutheran leaders are typically not literalists, they also hold beliefs that are not clearly identifiable as Lutheran. These Lutheran leaders are, at best, ambiguous in terms of a Lutheran theological identity. They are not, for example, convinced Lutheranism as a theological system is better than any other theological system. Seventy-six percent “agreed” or “strongly agreed” that no Christian group can legitimately claim its beliefs are more true than those held by any other Christian group. Forty-six percent “agreed” or “strongly agreed” and 22 percent were “not sure” that “it is possible for a faithful follower of any religion, including Islam, Hinduism, or Buddhism, to find the truth about God through that religion . . . . Perhaps most significant is the proportion of these leaders who accept a high view of the capacity of individuals, as individuals, to respond positively to God. Again, it is very difficult to sort out nuances among different theological points of view using a questionnaire, but when these leaders were asked to agree or disagree with the statement “Salvation is freely given by God but only to those who have made a decision to accept Jesus as their personal savior,” 62 percent of the respondents “agreed” or “strongly agreed.” Nine percent said they were “not sure” while 22 percent “disagreed” and 7 percent “strongly disagreed.” When asked to respond to the statement “It is possible by honoring God and with God’s help to overcome sin and live a holy life,” 73 percent of the respondents “agreed” or “strongly agreed.” When asked to respond to the statement “Those who honor God are often blessed materially,” 31 percent of the respondents “agreed” or “strongly agreed.”*

#### *Divergent Responses*

There were very few divergent responses among the TEAC respondents. Perhaps the selection process produced a group of similar mind. Nevertheless, the following comments show somewhat divergent views.

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<sup>1</sup> *Lutherans Say . . .* 6, 2009, was a survey of lay leaders who receive the ELCA congregational resource “Seeds for the Parish”. A full report of the survey is available from Research and Evaluation, ELCA.

*It is unclear where the Lutheran movement is headed in our so called North American context. I am asked over and over again by Lutheran church members of diverse backgrounds, races and ethnic groups, "What is our Church up too and trying to prove"? Congregants are saying we seem to have lost our way. Some say the Good News has become watered down. Others say we need to market the Pentecostal staff driven model and worship style. I say the Church is in danger of letting the world dictate its future, as head knowledge seems to prevail over and above the foundational teachings of the Lutheran Church. No doubt, we the church must look at the culture and the masses, and ask God to help us share the message "GRACE" with Holy Spirit fire.*

*I would stay away from this kind of religious language! [Referring to how Question 1 was worded.] I do not even know what this questions means! Love God and love neighbor as yourself. Keep it simple. Emphasize the message of Jesus. Make the message relevant to our lives.*

*People are not looking for a Lutheran church, they are looking for God. Therefore, spend less time talking about what it means to be a Lutheran in a multi-denominational culture and more time talking about what it means to be a Christian in an increasingly skeptical and unbelieving culture. We do not witness to the Lutheran church but to Jesus. We need leaders who grasp this paradigm shift. We will learn this better from other denominations and expressions rather than our own.*

*I believe we are being called to open our minds and hearts, our theologies and liturgies and discover again what it means to reclaim faith as trust in the living God (and not a subscription to a set of beliefs). I believe we are being called to create ways in which seekers/nones/the lapsed can gain an experience of the living God (not 'learn' about God). I believe we are being called to find new ways to create genuine community (instead of fostering membership with a mug and a new member class). I believe we are being called to lay down our theological and confessional weapons and open ourselves up to how God might be at work in our world, changing not only those around us, but us, too. Leaders need to be conversant in the ways in which non-church people understand and come to faith, what sorts of communities they are longing for, and how to engage and build those communities.*

## **Question 2: Into what forms and contexts of public witness and service is God calling this church for which we need to prepare leaders?**

The responses to this question were overwhelming focused on preparing leaders to engage a social context in which traditional congregations are increasingly marginalized.<sup>2</sup> To a great extent, this may have been a function of the focus of the question on "public" witness and service assuming what happens inside a congregation is "private". In this case, leadership means having the ability and taking

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<sup>2</sup> Defining tradition as a community with a stand-alone building where worship is held weekly, with a professionally trained leader responsible for Christian education and the pastoral care of members.

the initiative to express and act upon, in everyday life, one's commitments as a Lutheran Christian. The focus of this church on leadership should be to assist in creating the conditions under which this happens.

*We need leaders of all sorts, not just pastors and rostered leaders, but community leaders, parents, professionals who can speak in ways that are biblically literate, theologically sound, and free of jargon. We need to put the best resources of our tradition, biblical and confessional, in new language. Ears are hungry to hear, but we have to say it fresh.*

*We need to become a church that prepares its members to understand their home life, their work, their schooling, and their daily tasks as infused with meaning and God's presence.*

*We need to move beyond "inviting others to join us" (welcoming), and gain comfort in speaking a word of faith into our ordinary and daily lives and circumstances. Congregations that continue to thrive need to be encouraged to see themselves in real partnership beyond their own comfort and community –for accompaniment even more than for service.*

*Increasingly I think that we need leaders who can lead Eucharistic communities whose primary function is not necessarily to worship, but to serve in their communities and around the world. Such leadership might take the form of programs housed by larger congregations, or they might resemble non-profits in their structure. And, perhaps most importantly in the new age of Christianity, we need leaders in dialogue. We must be able to talk with our neighbors to come to common understandings, to work for the common good, and to heal each other's hurts. To this end, we need must prepare leaders who can engage in interfaith dialogue, intercultural dialogue, and constructive political dialogue. And we need to prepare leaders to listen so that they can start dialogue in their own communities about the shapes and directions of the future.*

*The entire Christian Church in North America (not just Lutherans) has focused much too heavily in the past 60 years on meeting the needs of its members. In that sense, denominations and their leaders have fallen into the same trap as politicians – giving people what they want in order to encourage and reward their financial support. It is vital to the spiritual health of congregations, synods, the wider church, and church leaders to focus the attention of congregations on mission and ministries that extend beyond the walls of individual congregations.*

*Our congregations have for too long been places where people had their needs met, without being sent out to meet the needs of the world. We need to form/equip leaders who can both cast a vision and help people own and live it. Those leaders will meet huge resistance, and thus they need to be well skilled in both systems thinking and Lutheran Theology. In addition, when people actually do begin to engage their communities, they*

*are unable to share how/why their belief in Jesus has freed them to be of service to others. They don't know the Biblical story well enough to actually speak with confidence about how their lives are a continuation of the Biblical trajectory.*

Again, there was an occasional dissident voice questioning the very premise of the question.

*Don't jump so quickly to public witness and service. Leaders need to be educated to welcome, orient, and incorporate people into communities of faith grounded in worship, study, and service. It is not at all clear that seminary education connects with these primary pastoral responsibilities. There seems to be little education in formation or education, little education in the central things of worship and prayer, little education in discerning service appropriate to one's location.*

*A good grounding in Bible, preaching, pastoral care and music will enable leaders to deal with just about any form or context they find themselves in.*

According to a significant number of respondents, the qualities of these outward-focused leaders include:

- a deep concern for those who are on the edges or outside mainstream society
- a love for those being ministered to
- the ability to be inspiring
- the ability to ground pastoral work in a secular, complex, interdependent and emerging world
- being adept and passionate about worship leadership, Christian education, stewardship, pastoral care
- the ability to teach and articulate the faith
- the ability to equip the laity to understand and live out their ministry in their daily life
- the ability to understand, appeal to, and organize the 'nones'
- the ability to host respectful conversations

The prevalence of responses stressing an outward focus raises an important challenge. Recent survey work with clergy ordained in 2006 suggests a pastor with high debt may be more compliant with the existing norms of congregational life and more cautious about making difficult decisions or taking any actions in a congregation which may produce conflict.<sup>3</sup> Several of these pastors were interviewed and some indicated they were so anxious to receive, accept, and begin working in a call (in part to begin to pay down their debt or at least to stop incurring it), they wanted to do nothing which might jeopardize their future in that call. These findings should be set alongside those from recent survey work with lay leaders in congregations conducted in support of the ELCA's Living into the Future Together (LIFT) task

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<sup>3</sup> This finding is made as a part of the forthcoming report from Research and Evaluation on the Lilly funded M.Div. student debt project. The report will be available from Research and Evaluation, ELCA. The survey work with ELCA clergy ordained in 2006 involved the participation, in various ways, of about 100 clergy.



force.<sup>4</sup> This work showed ELCA congregational leaders like their congregations and are not interested in changing them. It also found the vast majority of congregational leaders believe the main problem is the predominant beliefs and attitudes in the wider culture and there is little they can do in the face of these powerful trends.

Finally, research on congregational vitality in the ELCA has found that member assessments of vitality are considerably more positive than those of the congregation's pastor.<sup>5</sup> In an attempt to understand why this is the case, it became very apparent members and pastors define vitality differently. For most members, a congregation is vital if there is little internal conflict and it has sufficient resources (financial and in terms of volunteers) to provide pastoral leadership for worship and the care of members along with a program of Christian education. Pastors, on the other hand, were much more likely to assess vitality based on the impact of the congregation in the local and global community. In short, if these perspectives are widespread among the members of ELCA congregations, it will take very skilled pastoral leadership to alter these views. But, is there a commitment to this internal change? Many of the comments of these respondents suggest considerably more interest in producing leaders who are better working outside a traditional congregational context than within it.

### **3. What kinds of forms of education and contexts will best create the learning and equipping communities needed to live faithfully into God's mission?**

While there were clear themes in response to this question (which we will review below), there were respondents expressing opposing views (more or less informed) about the role of a seminary. In addition, the responses tended to focus primarily on the education of rostered leaders.

*The value of residential seminary education for forming leaders cannot be underestimated. A year or more of living together as Christians in a community centered on word and sacrament provides a good model for helping shape life in congregations.*

*If you want to be a leader in our church you must leave your current way of life, travel to one of only eight possible Lutheran institutions and spend four years of your life living in a fantasy world where your only task is to sit in classrooms and learn with others who have similar passions and ideas as you.*

*I personally think that perhaps less seminary and more "in the trenches" experiences supported by on line education and a strong mentor might be effective and less costly.*

*To me as a pastor, seminary is still the best for in depth, interactive biblical study as well as other core curriculum components.*

*Our emphasis needs to shift toward extension education—training willing servants while they work in other public jobs. Until we find a way to bring down the cost of a four-year,*

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<sup>4</sup> This report is available from Research and Evaluation, ELCA.

<sup>5</sup> This work is on-going and being conducted in behalf of Research and Evaluation in a pilot project with the Western North Dakota Synod, the Upstate New York Synod, and the Rocky Mountain Synod.

*on-campus degree, fewer and fewer will chose that option. "Education in place", with a few weeks of intensive class meetings, are more suited to the needs of the emerging church.*

*I totally support intense, on-site education AND spiritual formation (which Lutheran seminaries don't do well, but others do). Our leaders need a center that I'm skeptical online learning can provide. But that seems to be the new wave. Online folks still need a community and the face to face joy and accountability that provides. Plus learning by human osmosis, not cyberstuff.*

On the other hand, most of the respondents argued neither for nor against seminary, but for an approach to learning which focuses on enhancing the student's ability to assess the context (the critical challenges faced by people in their everyday lives) as well as the student's ability to respond in a compelling, practical way (making a positive difference) both of which should be well informed and guided by Lutheran theology (an expression of God's grace).

*While I will always believe there is a need to wrestle with scripture and to grapple with good theology, I also believe that it is important for this work to be done in the context of everyday life. So, it is important to move learning communities out of the ivory towers and into the streets. It is also important to have the spaces where the activities that we engage in on the streets can be reflected on theologically. I also believe that these reflections should take place in a broadly diverse context: in terms of age, race, and also breaking down the wall that has arisen between the "church professionals" and the lay leadership of our congregations. It is so important too for this education to take place in terms of listening and learning how to ask questions (not just answer them!). Let's free people to wonder about God and about how God is showing up in the world.*

*We need a nimble, flexible delivery system that can work with leaders as they are "embedded" in the local context similar to the action/reflection model but using all the bells and whistles of today's technologies.*

*While the calls of church leaders may look different than in the past, I think that the message and education for the most part should remain the same. We still need an education rooted in Bible, theology, history and pastoral care but it must always be set in context. We also need to learn practical skills: how do you read your audience/context? How do you share your faith in a parish setting vs. business setting? What does bi-vocational ministry look like? I think that this type of focus on the practical should bring students out of the classroom more and into their called contexts where they can immediately put their education into practice.*

*More hands on. I think it is such a strength of the Lutheran church to have pastors that are so well trained and educated theologically, but it's in the acting out of that knowledge. But it's not just the education of the pastors but the cultures within the*

*churches that need to change—a change to what can we do to help those around us rather than what can we do to help ourselves.*

*As leaders are prepared, an intentional component of didactic and contextual learning should include encouraging students to engage the communities where they serve. This would include learning a neighborhood not just through demographics and tertiary sources but through direct conversation with people in the communities, being out amongst the people, engaging those who are not currently members of the church in authentic relationship and partnership.*

*All should have the opportunity and requirement in contextual education to serve in a context very different from what has been their experience in growing up or is their current experience. This will allow the opportunity to understand ministry and engagement of people through a lens other than what comes familiar and will allow for a better understanding for the whole church to which we are called. Additionally, more robust opportunities for development of lay leaders are essential. Lay schools of ministry across the country will help to develop stronger ministers of the gospel in our communities.*

*If we think how the Christian church first began, we see the disciples learning through their experience of living with Jesus for those three years. We see them learning through these life experiences. I think it may be important for our Lutheran leaders (pastors and other rostered leaders) to become most aware of understanding people's lives through those people's lives. We may need to learn how to do more creative thinking to consider various and alternative means of sharing the gospel . . . and of worship. Life experiences may be more significant in the future . . . or learning how to apply such life experiences into the context of mission and ministry.*

*I believe, in encouraging students to empathize with those around them, to understand the challenges real people are facing in society, and to wrestle with the question of how our faith calls us to actively respond to the world around us.*

*We need deep theology and deep praxis. We need practice with cultural diversity and ways to not only develop cultural competencies, but also learn our real histories from this country and around the world.*

*A solid understanding of how Lutheran theology speaks into the lives of people is a necessity as other things change around us.*

*We need mature leaders who have taken the time to be formed in community with others. But we need those leaders in ministry contexts while they learn. They need to grow with the reality of Christian community in their faces.*

*... I do not necessarily think that means a focus on community organizing rather than parish life, but we need to do better helping religious leaders to understand the contexts in which people live, their questions and needs, and what the church can offer them . . . . Often seminary education is much more about the “content” of theology and scripture and divorced from these contextual concerns, other than field work and internship. Context, thus, is not only the individual location, but the wider context of postmodernism, individualism, technology, etc.*

The respondents also developed a long list of educational outcomes.

- |                       |                        |                        |                          |
|-----------------------|------------------------|------------------------|--------------------------|
| • theology            | • the Confessions      | • Bible                | • worship                |
| • preaching           | • ethics               | • stewardship          | • pastoral care          |
| • change              | • listening skills     | • teaching skills      | • history                |
| • congregational      | • conflict management  | • spiritual formation, | • entrepreneurial skills |
| administration skills | • language skills      | development, direction |                          |
| • contextual          | • awareness of sexism, |                        |                          |
| assessment skills     | racism, classism       |                        |                          |

The respondents also suggested a substantial list of strategies.

- approaches which embed students in the local context (parish-based, community organizing, mentors, cultural/community emersion programs, institutional emersion programs, work with community leaders)
- life-long learning approaches
- approaches which recognized different learning styles or stages of development
- action/reflection models
- on-line learning alternative
- cohort based learning approaches
- participation in a learning community
- synod based lay schools
- 50 small coordinated, integrated, learning communities
- intentional vocational discernment, faith formation, spiritual direction activities
- education in-place

At least one respondent argued the infrastructure already exists but it needs to be more actively coordinated. The infrastructure includes congregations, camps, campus ministries, lay schools, colleges/universities, seminaries, TEEM.

Finally, there was this exchange of views on the popular “best practices” approach.

*I suggest bishops identify key churches which are effective. Then assign interns to those churches. THE, and I stress - THE ---- KEY PLACE TO EDUCATE FUTURE LEADERS IS AT THESE SITES. Most seminaries, I suspect, are rooted in traditionalism. It is the*

*entrepreneurial local pastor who is breaking new ground. Why is it that the mega-churches of the 1990s held their own conferences? They were breaking out of the traditional mold. People went to these conferences because, obviously, seminaries were not equipping people and I would guess that seminaries dismissed these places. Assign future leaders to creative places. I find it highly dubious we will EVER reform the seminaries. It just will not happen. It is the nature of organizational change. Many churches, which get interns, are not necessarily doing much new or creative, they just have sufficient funds. As a result the first call pastor (typically, serving a small parish) is not as well educated/experienced as he/she might be to help develop that parish.*

*I'd like to see us move away from raising up "best practices" and "successful" congregations and more toward congregations and communities that see themselves in partnership with others. This would mean a greater emphasis on learning about the various agencies and services that already exist rather than congregations trying to make their "own" services to "help" others. Real relationship requires mutuality and shared benefit, not simply providing service to those we perceive to be in need. Family and neighborhood structures have broken down to the extent that people end up isolated from genuine relationships of cooperation and accountability. Education and contexts that help leaders and communities empower people at each stage of life would be very valuable.*

### **Brief Summary of Responses from ELCA Seminaries**

Many of the themes developed in by the individual respondents were also made in the responses from each of the seminaries. We have not included the verbatim responses from the seminaries but have summarized those responses into categories.

#### **1. What is the vocation of the Lutheran movement in our North American context?**

Responses to this question fell into three categories.

- To share the message of grace in a world which is increasingly complex, pluralistic, and multicultural
- To maintain a Lutheran perspective while working ecumenically with partners from other Christian denominations as well as interfaith partners
- To share a theology that is willing to live with tension and paradox

## **2. Into what forms and contexts of public witness and service is God calling this church for which we need to prepare leaders?**

Responses to this question fell into the following categories.

- Although it was mentioned, the traditional church context received little emphasis as a context of future public witness. Rather, the responses from the seminaries stressed the importance of work outside of the church building in different contexts and witnessing to those outside the church setting.
- There will be greater utilization of an online setting as a context for ministry. Leaders will likely be using online interactions and social networking as part of their ministry. The use of these technologies will allow for witnessing opportunities at both local and global levels.
- Denominations are no longer as strong a factor in informing people's decisions about the congregation that they will attend or join. It is more common now for people to begin attending and joining churches because they like the pastor's sermons or the children's ministries, as opposed to the theological distinctions identified by denominations.

## **3. What kinds of education and contexts will best create the learning and equipping communities needed to live faithfully into God's mission?**

Responses to this question fell into the following categories.

- Heavy emphasis was placed on the need for theological education in some form for lay leaders, as their role would likely begin becoming more important in future contexts.
- Given the changing context for ministry, there is a need to provide opportunities for continuing education for all, not just the future leaders. Although the Biblical truths have not changed, the culture and its challenges have; this makes it all the more important for those who have been in ministry for some time to refresh their learning.
- Education should prepare leaders for multiple vocations. This reasoning for this is more than financial. Leaders should learn and develop skills that would be beneficial in more than one vocation: "administration skills, public speaking, social research, conflict resolution, community organizing and small business skills...are all necessary and conducive to creative ministry."
- The continuation of distance learning is a near certainty. Although this type of learning has definite advantages over a traditional residential model, it must be done in such a way that students can experience community and grounded learning.

## Theological Education Asset Mapping Report

Adam DeHoek

Research and Evaluation, Office of the Presiding Bishop

As part of its mandate, the Theological Education Advisory Council (TEAC) of the ELCA was charged with gathering information about the resources available for theological education from organizations across the church. In order to collect this information, TEAC undertook an asset mapping study of the programs which provide theological education and are supported by the ELCA and related organizations.

Respondents received an invitation to share information about their programs through an online portal. When thinking about which theological education programs to include, respondents were asked to use the following definition of *program* as a guide, “Programs are standing opportunities that equip and support members in their ministry in the world and in the church.”

Overall, the TEAC Asset Mapping project collected information from 115 organizations, inside and outside the ELCA. Many of these organizations (n = 92) identified themselves as primary providers of theological education. Information from these organizations will be presented here, as these were the only organizations which provided information about their programming.

As was assumed when this project began, the information collected here cannot be considered comprehensive, but represents a sampling of the theological education offerings across the ELCA.

### Organizational Information

#### *Type of Organization*

21.7% (20)	Seminary
19.6% (18)	Synod
16.3% (15)	College/University
12.0% (11)	Campus Ministry
7.6% (7)	Lay school
5.4% (5)	Camp or retreat center
4.3% (4)	Congregation
4.3% (4)	Churchwide
8.7% (8)	Other:
	<ul style="list-style-type: none"><li>• Sparkhouse (ecumenical division of Augsburg Fortress)</li><li>• ALDE (a continuing education provider)</li><li>• RevWriter Resources, LLC (ELCA-certified coach, consultant and author)</li><li>• Luther House (collaboration between Augustana, SD Synod &amp; Sioux Falls Seminary)</li><li>• Vibrant Faith (a national organization)</li><li>• Evangelical Lutheran Education Association (organization providing services to congregations with weekday schools and early childhood programs)</li><li>• Border Servant Corps (Volunteer Service Corps)</li><li>• Select Learning (an organization with representatives of the three seminary clusters)</li></ul>

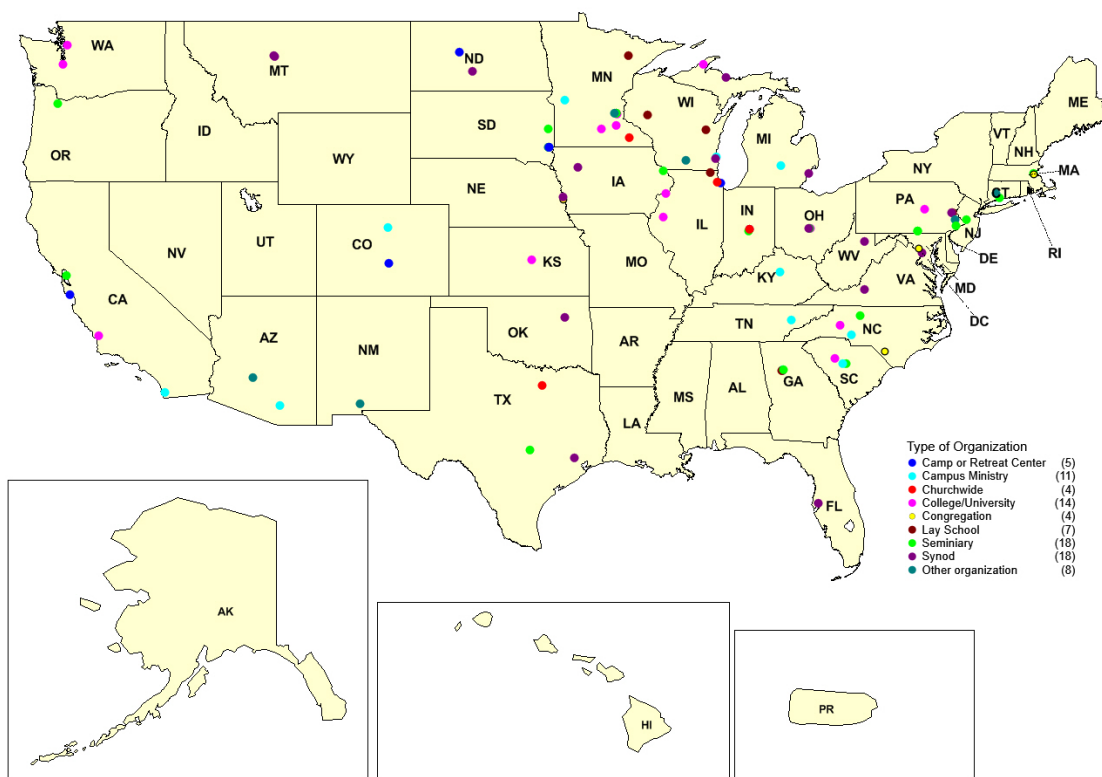
### Primary Service Area

26.1% (24)	A region within a country
17.4% (16)	A region within a state
16.3% (15)	The nation as a whole
14.1% (13)	A specific institution
12.0% (11)	A metropolitan area
5.4% (5)	A state
5.4% (5)	United States and International
3.3% (3)	Other:
	<ul style="list-style-type: none"> <li>• International only</li> <li>• Whoever contacts me</li> <li>• No service area specified</li> </ul>

### Physical Location

In all, organizations from the 34 states indicated below and two countries (Germany and Mexico) identified themselves as providers of theological education.

**Figure 1. Locations of theological education providers across the ELCA**





## **Program Information**

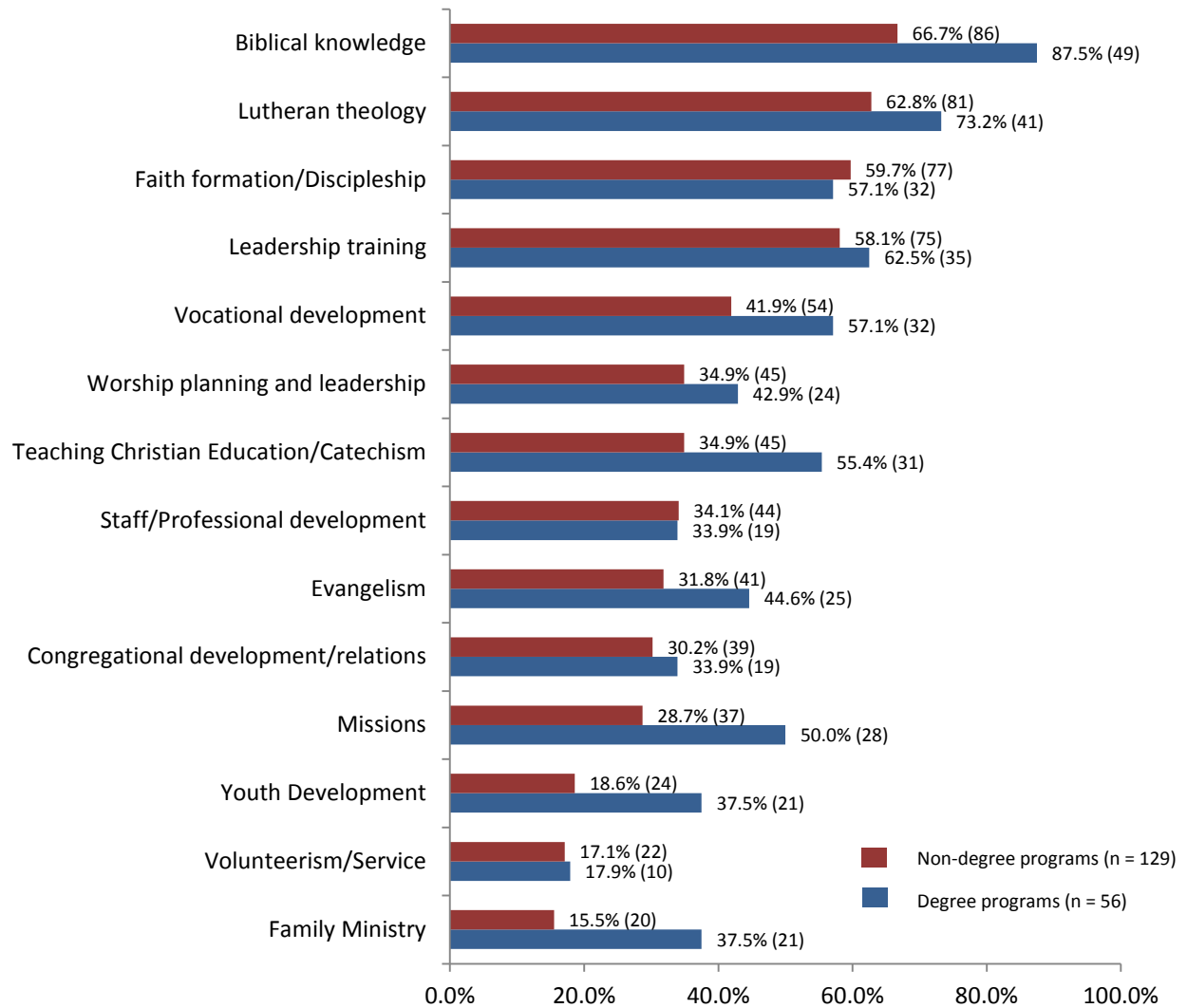
The organizations who identified themselves as providers of theological education shared information about 185 theological education programs. Of these programs, 56 were degree-related and included undergraduate degrees in Religion and Philosophy and graduate degrees (e.g., M.Div., M.A., and Ph.D.). Respondents also provided information about 129 non-degree related programs. These programs were more varied in their form from conferences to institutes to seminars. The analyses below examine degree and non-degree programs separately.

### **Program foci**

Although there were differences in the percentage of degree programs and non-degree programs which focused on different aspects of theological education, the most common foci were the same across both types of programs: Biblical knowledge, Lutheran theology, Faith formation/Discipleship, Leadership training and Vocational development.

Figure 2 below presents the different foci of the theological education programs across the ELCA, and the percentage of programs which have a focus on each. If a program focused on multiple items, program administrators were allowed to indicate this in the portal.

**Figure 2. Focus of theological education programs across the ELCA**



Beyond the foci included here, programs also focused on general theology, social justice, ethics and preaching, though none of these were found to be the focus of more than 5 percent of programs, either degree or non-degree.

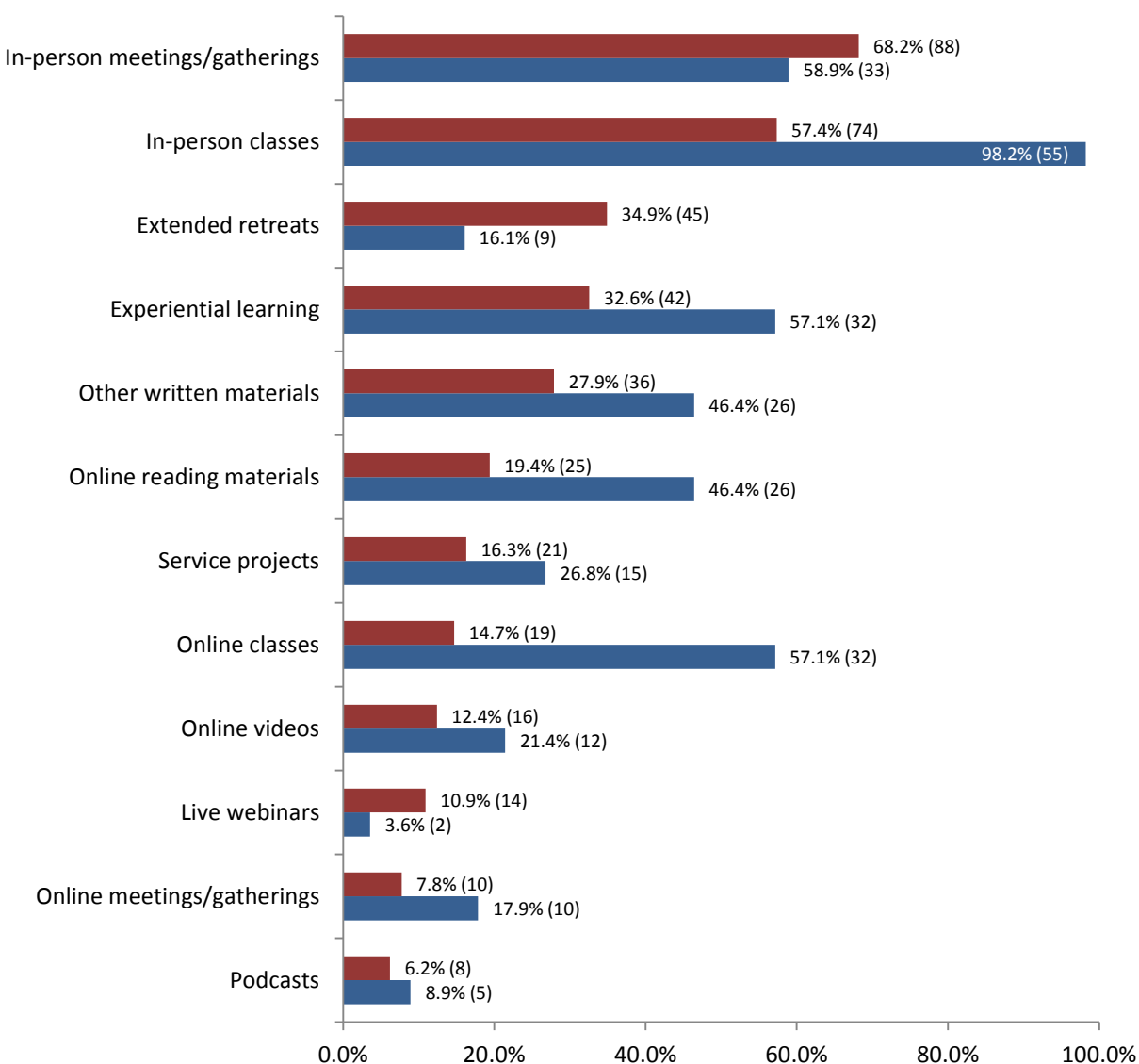
## Methods of Instruction

The most common methods used in non-degree programs were in-person meetings/gatherings and in-person classes. More than half of non-degree programs used these methods.

These two methods were the most commonly used in degree programs as well; in fact, 98 percent (all but one) of degree programs used in-person classes. Additionally, considerably more methods were used with greater frequency in degree programs as opposed to non-degree programs. Online classes and reading materials, as well as experiential learning were also more prevalent.

Figure 3 presents the different methods used, and the percentage of programs which used each method. If a program used multiple methods, program administrators could indicate this in the portal.

**Figure 3. Methods of theological education programs across the ELCA**



## Characteristics of program participants

*How many people were actively involved (for example, enrolled, attended gatherings, participated online) in this program last year?*

The number of people actively involved in non-degree theological education programs varied widely from one participant (reported by two programs), to one program with 1.25 million participants. The median number of people involved in a non-degree program was 50.

Among degree programs, the range in number of participants was not quite as wide. One program reported having one participant and two programs reported having 1,500 participants. The median number of participants, 40, was somewhat less for degree programs than for non-degree programs.

*Please estimate the racial/ethnic makeup of the people who were involved in this program in the last year*

Across degree and non-degree programs, the majority of program participants were White. The second most highly represented group in both types of programs was African Americans, followed by Hispanics/Latinos. Table 1 shows the breakdown of program participants by race/ethnicity.

**Table 1. Percentage of program participants by racial/ethnic makeup**

	Non-degree programs	Degree programs
American Indian or Alaska Native	0.8%	0.8%
Hawaiian or Other Pacific Islander	0.1%	0.3%
Asian or Asian American	3.3%	2.8%
Black or African American	5.3%	14.6%
Hispanic or Latino	3.3%	6.3%
Non-Hispanic White	86.0%	73.0%
Mixed Race	0.6%	2.2%
Other	0.6%	0.0%

*Please estimate the makeup by age of the people who were involved in this program in the last year*

The most commonly represented age group in non-degree programs and degree programs were those under 25 years of age. In non-degree programs, this was impacted by those who participated at camps and retreat centers, in campus ministry, and programs associated with the education of children in the ELCA. In degree programs, this was highly impacted by enrollment figures at colleges and universities. Table 2 shows the breakdown of program participants by age group.

**Table 2. Percentage of program participants by age group**

	Non-degree programs	Degree programs
Under 25	31.4%	46.8%
25-34	13.0%	15.7%
35-44	10.5%	14.1%
45-54	17.2%	12.9%
55-64	19.2%	8.2%
65-74	7.9%	2.0%
75 and older	0.9%	0.3%

*What was the percentage breakdown of clergy, lay rostered leaders and non-rostered participants who were involved in this program in the last year?*

Non-rostered participants were the largest group in non-degree programs and degree programs. Nearly two-thirds of participants in non-degree programs were non-rostered. These numbers were driven by those who participated in congregational programs, those who were enrolled in lay schools, those involves with campus ministry, and those who attended camps and retreat centers. Clergy, who made up nearly the other third of participants, were most likely to have participated in synodical and churchwide programs. In degree programs, nearly 90 percent of participants were non-rostered participants, driven primarily by the high percentage of undergraduate and graduate students. Table 3 shows the breakdown of program participants by roster status.

**Table 3. Percentage of program participants by roster status**

	Non-degree programs	Degree programs
Clergy	29.5%	10.9%
Lay rostered leaders	6.5%	2.0%
Non-rostered participants	64.0%	87.2%

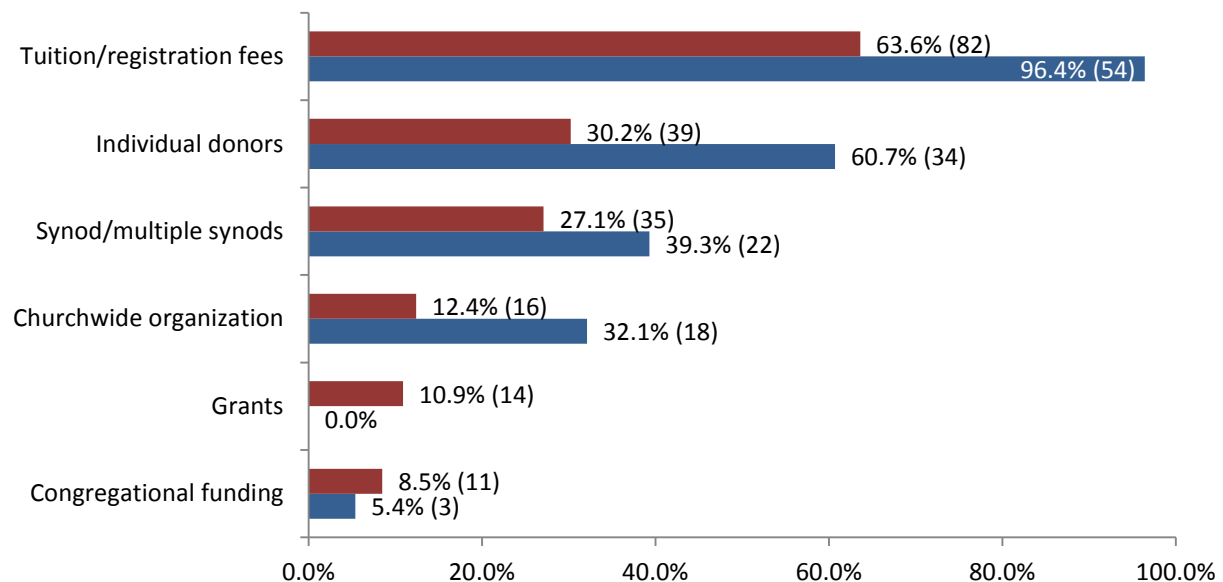
## Program Funding

### *How is this program supported financially?*

The pattern by which programs are supported financially does not generally differ for degree programs and non-degree programs. Both types are most likely to draw funding from tuition/registration fees, followed by support from individual donors, synods and the churchwide organization. The difference is that a higher proportion of degree programs draw support from each of these sources.

Figure 4 presents the different sources of support for theological education programs, and the percentage of programs which receive support from each source. Many programs were supported via multiple methods of funding.

**Figure 4. Sources of funding for theological education programs across the ELCA**

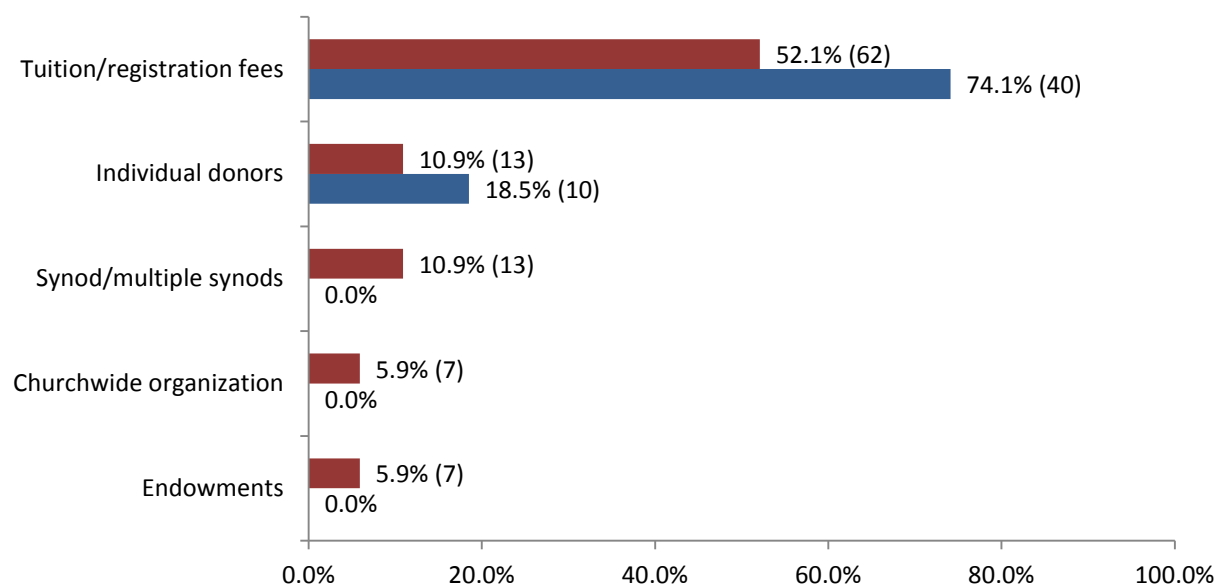


*Which of the above is the primary source of financial support?*

When looking only at a program's primary source of financial support, tuition/registration fees and individual donors rise to the top as by far the most frequent. In fact, these two sources are the primary sources for more than 90 percent of degree programs. Primary funding for non-degree programs extends to synodical support, churchwide support and endowments, though these are considered the primary source of funding for only a minority of programs.

Figure 5 presents the primary sources of support for theological education programs, and the percentage of programs defining that source as primary. Program administrators were not able to select multiple sources for this question.

**Figure 5. Primary sources of funding for theological education programs across the ELCA**

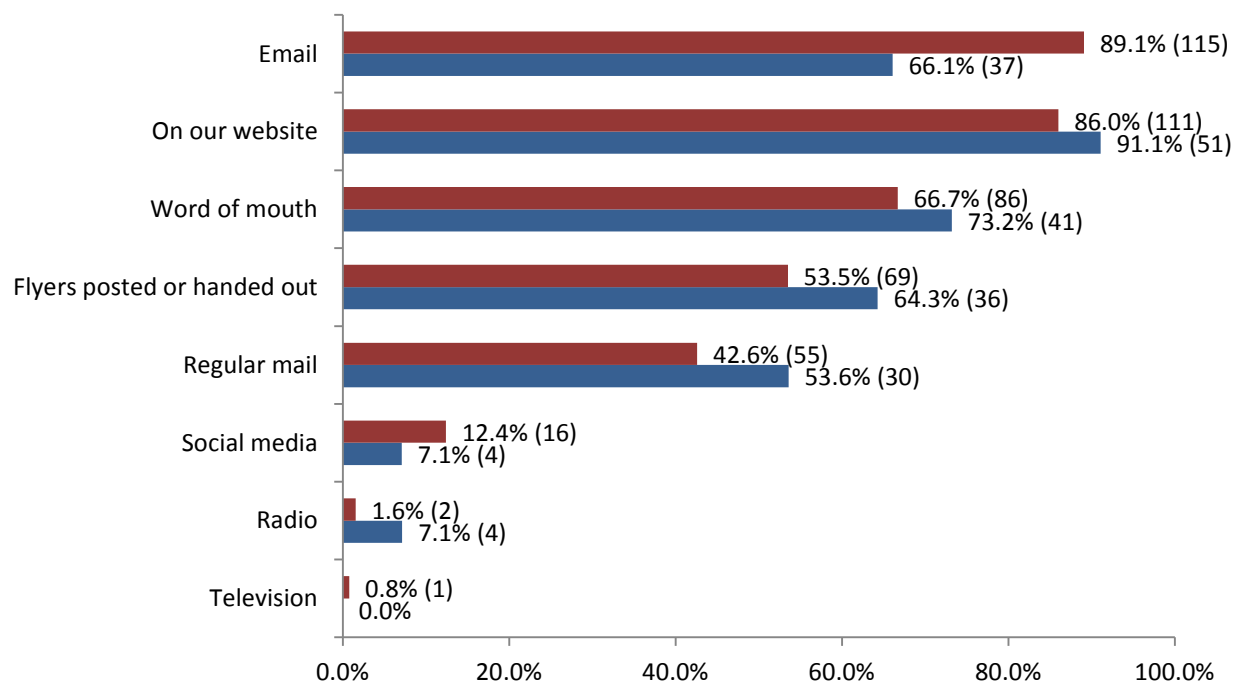


### *How do you advertise this program?*

Online communication methods were the most common for advertising theological education programs in the ELCA. Among non-degree programs, email and organizational websites were the most common methods, followed by word of mouth and flyers. Among degree programs, the organization's website was the most frequently used method to advertise the program, followed by word of mouth, email and flyers.

Figure 6 presents the methods for advertising theological education programs across the ELCA and the percentage of degree programs and non-degree programs which used each method. Program administrators were able to select multiple methods for this question.

**Figure 6. Methods for advertising theological education programs across the ELCA**





## Program partners

The most common partners for those providing theological education in non-degree programs were synods and congregations. More than half of these programs currently partnered with a synod or a congregation to carry out their program. Among the commonly desired partners were the ELCA churchwide organization, colleges/universities and synods. Table 4 shows the current and desired partners of non-degree theological education programs.

**Table 4. Current and desired partners of non-degree theological education programs**

Potential partners of non-degree programs	Who are your partners with this program?	Who else would you like to partner with in this program?
ELCA churchwide organization	20.9% (27)	<b>16.3% (21)</b>
Synods	<b>51.9% (67)</b>	<b>15.5% (20)</b>
Congregation(s)	<b>51.2% (66)</b>	14.0% (18)
Seminaries	22.5% (29)	10.9% (14)
Colleges/Universities	20.2% (26)	16.3% (21)
Lay school	10.9% (14)	12.4% (16)
Camp/Retreat center	12.4% (16)	9.3% (12)
Social Service Agency	10.1% (13)	4.7% (6)
Non-ELCA organization	22.5% (29)	7.8% (10)
Other	8.5% (11)	0.8% (1)

The most common partners for those providing theological education in degree programs were congregations, synods and non-ELCA organizations. More than half of these programs currently partnered with a congregation to carry out their program. Among the commonly desired partners were the ELCA churchwide organization, synods and lay schools. Table 5 shows the current and desired partners of theological education degree programs.

**Table 5. Current and desired partners of theological education degree programs**

Potential partners of degree programs	Who are your partners with this program?	Who else would you like to partner with in this program?
ELCA churchwide organization	41.1% (23)	<b>19.6% (11)</b>
Synods	44.6% (25)	<b>17.9% (10)</b>
Congregation(s)	<b>55.4% (31)</b>	10.7% (6)
Seminaries	39.3% (22)	8.9% (5)
Colleges/Universities	41.1% (23)	12.5% (7)
Lay school	12.5% (7)	<b>17.9% (10)</b>
Camp/Retreat center	16.1% (9)	8.9% (5)
Social Service Agency	26.8% (15)	5.4% (3)
Non-ELCA organization	44.6% (25)	5.4% (3)
Other	7.1% (4)	0.0% (0)

## Program challenges

Among non-degree programs, the most frequently mentioned challenges were finances/funding and recruitment of new students.

Non-degree programs (n = 129) (challenges faced by 5 percent of programs or more)

19.4% (25)	Finances/Funding
18.6% (24)	Recruitment/Attracting new students
14.0% (18)	Promotion/Advertising
12.4% (11)	Providing relevant/high quality course content
9.3% (12)	Time constraints
7.0% (9)	Low attendance/Low participation
7.0% (9)	Staffing/Personnel

Among degree programs, recruitment was by far the most frequently mentioned challenge at nearly 40 percent of programs.

Degree programs (n = 56) (challenges faced by 5 percent of programs or more)

38.9% (21)	Recruitment/Attracting new students
9.3% (5)	Finances/Funding
5.6% (3)	Finding placements for students
5.6% (3)	Staffing/Personnel

**TO:** James Nieman, President, LSTC on behalf of the ELCA seminary leaders

**FROM:** Huron Engagement Project Team

**DATE:** Revised September 10, 2015

**RE:** UPDATED DRAFT Academic Learning Exchange "Base Case" for ELCA seminary leaders to deliver to the seminary communities

*The purpose of this memo is two-fold. First, this document serves as a starting point for seminary leaders to engage in a discussion and come to agreement on the framing and parameters for this project. Second, it provides content and key details for each leader to share with relevant stakeholders, customized as needed for the unique culture on each campus, in preparation for the visits and interviews that will occur over the coming months.*

### **A shared strategic initiative: Exploring the potential for an academic learning exchange**

Through the generosity of a donor deeply committed to our mission, our community of seminaries has been provided an opportunity to work together to evaluate the opportunities, details, and dimensions of a shared academic learning exchange. We believe that an academic learning exchange presents a unique opportunity to expand our seminaries' reach and impact in support of the ELCA mission. Rather than just serving as a digital repository of educational content, the learning exchange has the potential to stretch our classrooms and capabilities through new kinds of collaborations. These collaborations can foster greater student interaction, enable us to pursue shared intellectual and mission goals, and bring new learners into our communities.

We recognize that an academic learning exchange could take many different shapes, and this feasibility study begins as an exploration across our campuses to discover the most promising shape for our collective goals and purposes. As a starting concept we can conceive of a learning exchange as an online environment where faculty, students and others participate in both formal (e.g., courses) and informal (e.g., "work groups") joint learning activity. Features and content could include: content for entire courses developed by inter-seminary faculty teams available for structured "virtual classroom" or self-paced use; functionality for synchronous and asynchronous discussion group sessions; searchable libraries of shared resources for teaching and ministry; or "LinkedIn-style" listings of faculty, students, and others to facilitate networking. These are just thought-starters, and we look forward to the imaginative and practical ideas stakeholders bring to the campus planning conversations.

We understand that our seminaries have distinctive institutional identities and programmatic strategies, with many stakeholders dedicated to stewarding institution-level aims and commitments. A learning exchange must value and respect institutional distinctions and interests, while fostering shared efforts that augment and enhance the work of our individual campuses. As findings from the Theological Education Advisory Committee (TEAC) initiative make clear, it is imperative that we consider ways to combine resources to reduce unnecessary duplication of efforts and investments that challenge the financial and operational sustainability of our institutions. As seminary leaders, we are excited to explore the specific potential of an academic learning exchange to help achieve both mission-based and pragmatic operational goals.

Over the course of this fall, our seminaries will be working with Huron Consulting Group's Higher Education practice on a feasibility study for the potential learning exchange. Huron's work will involve visiting each of the seminaries to

meet with faculty, students, staff and leadership. The objective of this set of campus visits is to identify shared interests and aspirations, and shared concerns, that bridge across our institutions. This information will be used to inform a strategic concept and plan for the learning exchange if there is sufficient agreement about the feasibility of the exchange.

Below are some additional thoughts about the learning exchange to inspire your thinking, followed by more detail about the Huron visits.

### **Why an academic learning exchange?**

- Today, our clergy, seminarians, congregants, lay leaders, and the communities we serve live in an expansive and interconnected world where technology facilitates connections, fellowship, education, and worship. Through the exploration of a learning exchange, we are inviting our seminary stakeholders to help fulfill our mission by imagining ways to stretch our classrooms and share our teaching through this global network.
- An academic learning exchange can provide a forum for collaborative curriculum development and delivery, accessible to faculty at all our institutions to develop and utilize course content. In turn, the learning exchange can provide our students, and new learners from across the globe, access to the breadth of courses and supplemental material created across our entire network.
- We promise seminary students a transformative and unparalleled education. An academic learning exchange has the potential to connect all our students to shared resources (courses, material, colleagues) beyond that which any one of our institutions can singularly provide.

### **Why now?**

- The Theological Education Advisory Committee (TEAC) has charged the ELCA seminaries with reimagining ways that seminary education can be more far-reaching, sustainable, connected, and flexible. This charge requires us to develop models for teaching and learning that preserve our core commitments to graduate education while expanding our purview further beyond our physical campuses.
- We face urgent financial and enrollment pressures at our seminaries that will require transforming our pedagogical delivery methods, funding sources, and governance structure. According to a recent TEAC-sponsored study, collectively our seminaries have seen a 39% decline in enrollment over the past decade resulting in a collective structural deficit of approximately \$6 million (including depreciation) in FY15. The study indicates that we would need to recruit at least 800 additional students each year to be right-sized to our current capital and expenditure levels or reduce expenses by selling off physical assets and decreasing the size of our faculty and staff. Put another way, we need to find solutions that are financially viable and allow us to more fully fulfill the mission of the ELCA.
- Significant changes are occurring in educational consumption patterns among students at all types of institutions. Particularly at the graduate and professional degree levels, enrollments in conventional residential programs are often stagnating while participation in online and hybrid programs is increasing – including at many of the highly selective and top-performing institutions our seminaries count as academic peers.

### **What is the process for exploring this initiative?**

Huron Consulting Group's education consulting practice will be facilitating a robust set of conversations across our eight seminars to explore the potential for a digital exchange for hosting formal and informal learning, discuss how such a learning exchange might best be governed and operated, and evaluate potential technology platforms to fit identified needs. Many questions remain to be answered about how and whether the development of an academic learning exchange should proceed, addressing issues including appropriate content, the operating model for the exchange, and how it can be best used to extend the capability and capacity of our faculty. This project seeks to answer many of these questions in the coming months.

- Huron teams will be visiting each of our seminars in September and October to meet with faculty, students, leadership and staff. These campus conversations will explore questions including:
  - *What ideas, hopes, and concerns do seminary stakeholders bring to the conversation about a potential academic learning exchange?*
  - *What activities, course-related and other, might best lend themselves to online collaboration in the next 1-3 years? How might this content best be created and curated?*
  - *What might a more visionary learning exchange that reaches beyond our current students and campuses look like? How can the learning exchange grow over time?*
  - *How should an academic learning exchange be operated? What technology factors must be accommodated to ensure that individual seminars can best continue their own efforts while participating in the exchange?*
- Huron consultants will also be conducting a significant amount of analysis and benchmark learning to bring ideas to us about what other top institutions are doing in implementing academic learning exchanges.
- In November, the seminary leaders will convene a Leadership Meeting in Chicago to consider and discuss learning from the field research and campus visits. Each leader will bring a small delegation from her or his seminary to participate. The goal of the Leadership Meeting will be to refine the collective position about the feasibility, shape, staging, content, and technology requirements for the learning exchange.
- Following the November event we anticipate further communication back to our campuses about the learning exchange planning initiative.

As leaders of the eight ELCA seminars we urge you, our colleagues, to be imaginative and creative as you consider the potential for an academic learning exchange to support the efforts of our faculty and promote more effective and collaborative learning for all our students and stakeholders. In the coming days, you will begin to see invitations to meet with our consultants to discuss this opportunity. Please do all you can to provide thoughtful and productive information to the team. Thank you for your interest and support.

Education Model Assessment

# **Evangelical Lutheran Church in America**

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August 3, 2015

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# I. Scope & Purpose of Assessment

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The ELCA Theological Education Assessment was requested by the Theological Education Advisory Council (TEAC) as part of TEAC's broader initiative to reimagine ways that ELCA theological education is *more far-reaching, more sustainable, more connected, and flexible*. These concepts mean different things to different stakeholders, yet are all based on the desire to meet present and future leadership needs of the Church while exercising effective stewardship of limited resources. Baker Tilly's assessment is only one piece of a much broader discussion aimed at answering the questions that define TEAC's initiative. The assessment outlines options for the organizational and structural transformative change that must occur in order to realize education that is *more far-reaching, more sustainable, more connected, and flexible*. It is up to the TEAC, the seminaries, and other Church leadership to discern what that transformed mission and leadership development will look like.

Specifically, TEAC has been charged by the Church Council to re-envision the ELCA theological education delivery model in a manner that will, among other things:

- I. Align with emerging needs and mission-based growth opportunities of the Church
- II. Ensure that church theological education resources and assets are focused on strategic, mission-based priorities
- III. Reduce overall cost outlay per student
- IV. Make sure theological education is effective and available where it is needed
- V. Recognize the changing cultural, demographic, and socio-economic context in which churches and their leaders live and work

Theological education across all denominations is facing challenges like never before as rapid cultural changes have made religious belonging and participation much less the norm. These include unprecedented decreases in mainline denomination membership, reductions in numbers of congregations, and reductions in those seeking careers in ministry and related fields. The ELCA theological education network and institutions also face serious challenges related to their current fiscal position, constrained resource levels, and resources that are tied up in underutilized assets.

The ability to experiment and innovate to meet emerging and ever-changing mission-based demands requires more flexibility in aligning assets and programs, a repurposing, if you will, of existing resources toward the most impactful and urgent opportunities. It also requires the ability to take calculated risks in trying new approaches, accepting that there is no guarantee that every approach tried will have the intended outcomes. In other words, having the financial bandwidth to have failed experiments is critical as the ELCA considers how it will respond to meet mission needs of the future.

One of TEAC's insights is that the ELCA needs *more* theological education, not less. But for whom? Though the seminaries have engaged in lay and continuing education for the past decade, the eight theological schools are mainly focused on graduate degree education – master's and doctoral degrees for persons seeking calls in congregational ministry, chaplaincy, in advanced study and teaching, and needing continuing education.

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*The ability to experiment and innovate to meet emerging and ever-changing mission-based demands requires more flexibility in aligning assets and programs, and less anxiety around fiscal sustainability.*





TEAC argues that theological education should embrace “the whole people of God.” There is a need for everyone, in every aspect of life, to explore and experience meaning, service, community, and compassion. Pastors and lay leaders need enabling resources to accompany their members and friends on their faith journeys.

While the seminaries do conduct some lay education and train their students in Christian education, one can readily acknowledge that 21<sup>st</sup> century needs and opportunities differ from those of the 20<sup>th</sup> century, specifically requiring:

- > Different ways to engage millennials and realize “the Church” of the future
- > Enhanced efforts to grow and equip pastors to provide effective leadership relative to theological issues, congregational operations, and mission growth
- > Focus on the needs of changing member populations and demographics
- > Enhanced focus on ecumenical and cross cultural ministries
- > Increased ability to ensure that rostered leaders have access to the “best thinking” as it relates to the critical issues or challenges of the present (e.g., how to facilitate community conversations about inclusivity, race, and privilege; what is critical for a congregation in financial crisis, and how to navigate political issues that divide a congregation)
- > Attention to needs in major geographies without a current ELCA seminary presence (e.g., southwest, northwest) and within which emerging populations exist

Because no one has an easy answer as to how these challenges will be met, it befits the ELCA to find ways and means to try creative experiments. An opportunity stands before the ELCA seminaries to boldly address new missional needs in the Church across North America and internationally. This report specifically focuses on ways to free resources in support of this expanded mission, and offers model options for organizing the education of church leaders of the future.

The goals of TEAC as we interpret them for purposes of identifying potential transformative models are as follows:

*Table 1: TEAC Goals*

More Far Reaching	More Connected and Flexible	More Sustainable
<p>Work in theological education needs to become more robust in:</p> <ul style="list-style-type: none"> <li>&gt; Providing life-long learning for the whole people of God, so that they can continue to grow in faith and live out their baptismal vocation fully, in an increasingly multi-cultural and inter-religious environment.</li> <li>&gt; Preparing more persons from a wider range of communities to serve as rostered leaders in a wider range of contexts.</li> <li>&gt; Strengthening a culture of continuing education for rostered leaders which enables them to lead well in a changing church, in a rapidly changing culture.</li> </ul>	<p>Delivery of theological education can benefit from:</p> <ul style="list-style-type: none"> <li>&gt; A connected theological education network that effectively utilizes all assets of the Church including seminaries, colleges, congregations, synod lay schools, ecumenical and global partners in our approach to delivering education.</li> <li>&gt; More flexible arrangements in deploying our current seminary faculty and linking them to teaching resources in other settings; the ELCA theological education network could become much more robust and fruitful.</li> </ul>	<p>As it relates to seminaries, students, and God's mission:</p> <ul style="list-style-type: none"> <li>&gt; Sustainable seminaries require careful management of both expenses and revenues to increase liquidity, improve operating results, and create more capacity for innovation.</li> <li>&gt; Sustainable economy of theological education for students - reduced role that student borrowing plays in the economy of both of students and of our institutions.</li> <li>&gt; Sustainable service to God's mission - increased productivity of our work in theological education in terms of the number, variety, and generativity of the leaders we prepare.</li> </ul>



Transforming the ELCA theological education network to one that better meets the changing needs of the Church in a manner that is flexible, sustainable, and cost effective requires altruism and creativity at the highest levels possible.

This report opens with an outline of the context for why a significant transformative change is needed to address sustainability issues relative to theological delivery within the ELCA that have been discussed since 1995. Our analysis includes consideration of what is currently being done to address these issues; however, the question being asked is whether a way can be found to do more. As the seminary visits, conversations, and analyses proceeded, it became evident that identifying and repurposing resources is complex.

One question is: can eight independent institutions find a way to individually or collectively achieve sustainability and contribute resources to help meet the educational needs identified by TEAC? That question, in turn, leads to speculation that there might be a better way to corporately configure the institutions so that resources may be repurposed to meet those needs. There is no easy answer and until the model or paradigm shift is determined, executing on the logistics of the model is not feasible. However, understanding the impacts and risks of each potential approach is critical to finding the solution and ***thus the key component of the report (and the promising discussions to date) is the matrix of models which compares various governance options for consideration. This matrix (Section V) compares and contrasts the various governance structures, and identifies specific mission and fiscal impacts possible through adoption of each model.***

## II. Why is Transformation Needed?

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The sustainability of the ELCA theological education delivery model, and concerns regarding the existing governance and funding, are recurring topics which have been focused on in multiple reports and initiatives over the past three decades. The bottom line is that the current model used to deliver ELCA theological education is provided by relatively autonomous entities, focused on delivering education primarily for master of divinity students, in a manner that does not consistently provide the intended outcomes either on a mission or fiscal basis. In short, a better approach to balancing the equation of assets (i.e., physical, faculty, staff) to number of students (e.g., masters, PhD, lay, continuing education) is vital.

When evaluating sustainability relative to ELCA theological education, there are three key components of consideration that result in challenges to realization of the mission:

- I. Growing leaders – meeting congregational needs (new and existing) for rostered leaders
- II. Growing mission through expanded education (e.g., geographic, lay) and experimentation (“change in church”)
- III. Ensuring a positive fiscal picture

### **Growing leaders**

Enrollment at all ELCA seminaries has declined substantially in the last ten years. Collectively the ELCA seminaries’ loss was approximately twice as much as mainline schools (i.e., 39% of full time equivalent (FTE) students compared to 19%). Collectively the ELCA loss was 35% of head count compared to 22% of headcount for all mainline schools.

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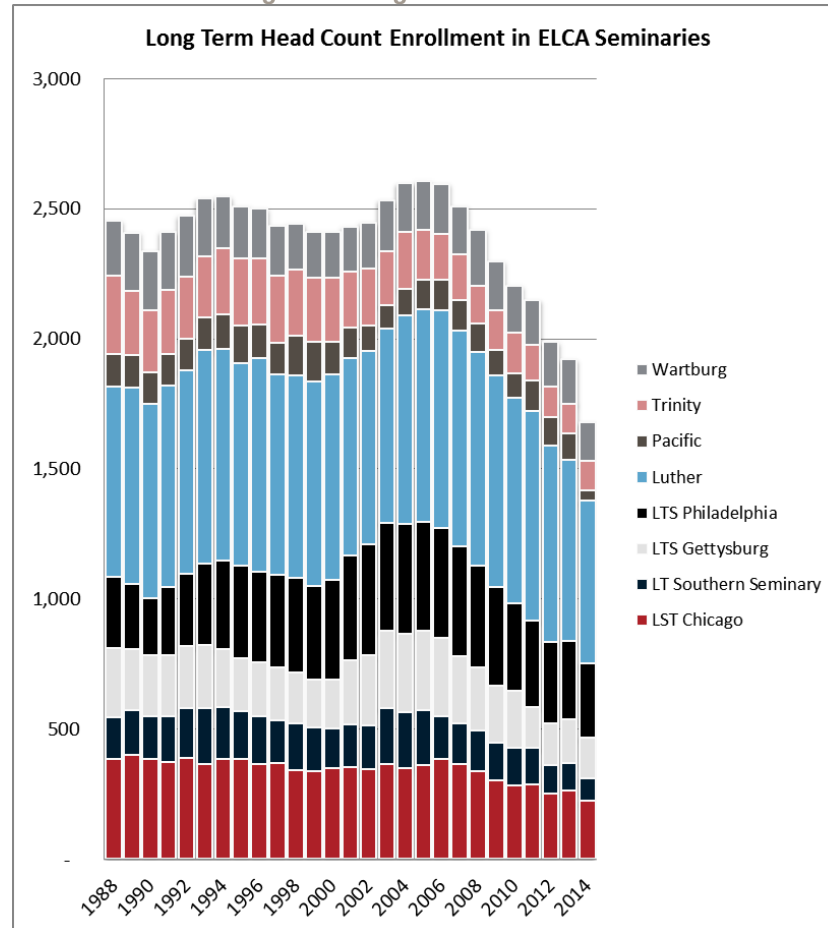
*Enrollment at all ELCA seminaries has declined substantially in the last ten years; ELCA seminaries’ loss was approximately twice as much as mainline schools.*

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*The seminaries would need at least an additional 800 students to have a student body right-sized to the current level of capital assets.*



Figure 1: Long-Term Head Count



To put this in perspective, the ELCA seminaries' enrollment grew through the 1950s and 1960s, reaching its peak in the mid-1970s at approximately 2,500 headcount students. The seminaries' enrollment remained at that level for three decades, through 2005. Since then the headcount enrollment has decreased between 30% and 35%. The seminaries have made some adaptations in physical, managerial, or educational capacity to serve this diminished population. As highlighted in the chart above, however, given the level of physical assets currently owned, the seminaries would need at least an additional 800<sup>1</sup> students to have the student body and level of capital assets in a sustainable balance.<sup>2</sup>

<sup>1</sup> The number of students required to balance the level of physical assets compared to students is intended to be illustrative of how "out of balance" the current physical assets are. For example, the section Balancing the Equation— Focus on Physical Assets" cites two student figures that are intended to show how out of balance total expenditures per FTE are compared to a peer average.

<sup>2</sup> Assumes a peak headcount of 2,500 and a current headcount of 1,693.



While 64.5% of students educated at ELCA seminaries pursue the Master of Divinity degree with the intention of serving as rostered leaders, 43% of the reported vacancies in full-time first call positions were left unfilled during 2015. This was similar to the results in most recent years.<sup>3</sup> Also, while many are considering the need to expand the reach to educating lay and other leaders within the Church the vast majority of programs are focused on education for those pursuing a Master in Divinity degree. Additionally, the process of connecting those providing theological education to those most involved in vocational discernment in its early stages is currently ad hoc and relies on individual personalities rather than a focused, formal, and intentional structure for connecting programs and people.

### ***Mission through expanded reach and experimentation***

As described in the opening section, expansion of mission involves changes relative to a number of factors. There are two critical subcomponents of consideration relative to a sustainable mission presence: a) meeting underserved and emerging populations (e.g., through geographic presence, cultural understanding); and b) expanded types of education to fulfill needs of those beyond the Master of Divinity student and to accommodate required mission expansion to address mission challenges which are before the Church. The mission of the Church of the future is much bigger than the mission of the past. Specifically, there is a need for greater mission impact as the result of a rapidly changing and more pluralistic world, differing expectations of a globally focused and less insular youth population, and communities that by virtue of their composition require interfaith understanding.

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*ELCA seminaries alone commit over \$62 million annually in expenses, and have almost \$100 million in dedicated physical assets.*

The footprint and delivery model of the ELCA seminaries is predominantly limited to the traditional locations and on-campus presence requirements for students. While some limited experimentation is occurring, the vast majority of work done by seminaries occurs in a campus setting within five geographic pockets of the nation. Likewise, while there are some highly successful and innovative programs for lay education, these are the exception. Overall, resources are not strategically aligned to expand or prioritize lay and continuing education of rostered leaders in a manner that is consistently accessible and convenient.

The seminaries have long sought to innovate to meet the changing needs of the Church and their students. Laudably, non-traditional programs (i.e., Theological Education for Emerging Ministries [TEEM], bi-vocational emphases, urban partnerships) have been implemented in pockets across the nation. Nonetheless, many observers note that the need for innovative non-traditional programs is greater than is currently addressed given the rapidly changing context within which churches exist and serve.

### ***Ensuring a positive fiscal position***

The current approach to ELCA theological education assumes a significant level of autonomy and separate resource commitment from the individual entities involved and impacted. The ELCA seminaries alone commit over \$62 million annually in expenses, and have approximately \$100 million in physical assets<sup>4</sup>. Staff resources dedicated to

<sup>3</sup> Source: ELCA Program Director for Assignment, February 2015 data.

<sup>4</sup> This represents the FY14 book value of assets, not the market value.



theological education equal 120 faculty and over 326 staff for a total spend on human capital equivalent to \$40.67 million. The extent of physical and operating assets currently dedicated to theological education, or available to support theological education, from the remainder of the ELCA entities (e.g., congregations, universities, colleges), has not been collectively quantified, but is currently being quantified as part of an asset mapping project.

*Figure 2: ELCA Entities*



The historical financial performance for the seminaries is not sustainable, and points to a situation with too many committed resources for the level of revenue generated. Specifically, the cumulative level of deficit anticipated for FY15 is \$6.08 M including depreciation expense and \$471,269 with depreciation excluded. Of the eight seminaries, five have projected structural deficits before accounting depreciation, while all have structural operating deficits when depreciation is included.

Table 2: FY 2015 Projected Surplus/Deficit

Seminary	Projected Surplus/Deficit FY 2015 (including depreciation)	Projected Surplus/Deficit FY 2015 (excluding depreciation)
Chicago	(\$238,000)	\$458,000
Gettysburg	(\$90,270)	\$334,731
Luther	(\$1,400,000)	(\$118,000)
Pacific	(\$250,000)	(\$125,000)
Philadelphia	(\$1,800,000)	(\$700,000)
Southern	(\$1,265,322)	(\$159,000)
Trinity	(\$812,000)	(\$312,000)
Wartburg	(\$225,000)	\$150,000
<b>TOTAL</b>	<b>(\$6,080,592)</b>	<b>(\$471,269)</b>

A “structural” deficit occurs when normal, ongoing “business as usual” expenditures exceed normal levels of revenue from tuition, gifts, and a prudent 5 percent draw from endowment. As may be seen on Figure 2 on page 7 at least half of the institutions have struggled with substantial deficits during the past decade. Deficits have to be financed – either expendable financial assets are consumed or money is borrowed to make up the gap. Either way, the financial position of the institution is weakened and the future becomes more uncertain. From time to time unusual market gains or the receipt of significant non-repeating gifts (such as bequests) improve the situation in the short term, but an underlying structural deficit will eventually erode those recent gains. On the other hand, market sluggishness and downturns accelerate the consumption of reserves in the short term.

These points of analysis go to further confirm previous analysis (e.g., Fall 2014 TEAC report that summarized the Stewards of Abundance 2013 Report, Baker Tilly ELCA Comparative Financial Ratio Analysis, multi-year) which highlighted concerns for the fiscal stability of the ELCA theological approach in its current form.

### ***Current state – comparison of levels of spending***

The level of spending in many areas outpaces that of others and points to an overburdened situation when comparing spending levels per student. Specifically:

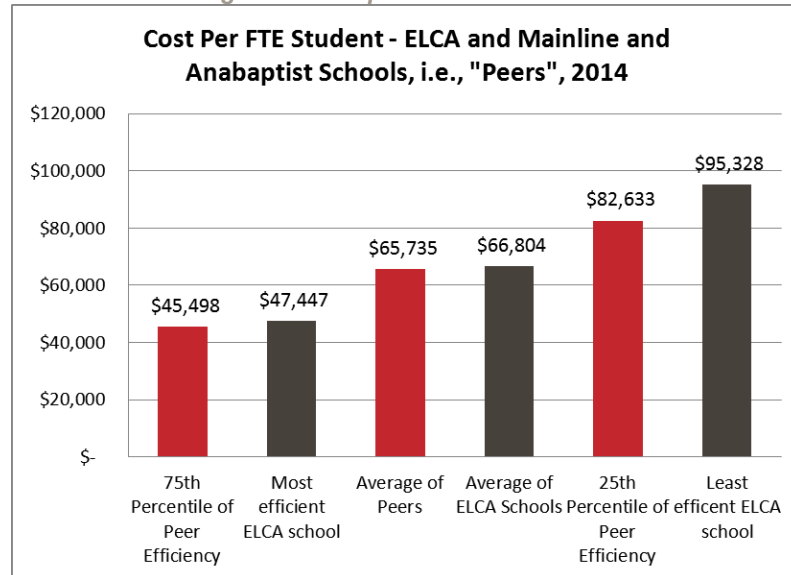
- > ***Average resource expended per student*** - the current average cost expended per theological student within the ELCA system is \$66,804 per student. Comparison with peer schools indicates that the average cost is slightly greater than peers, with some schools falling into the 25<sup>th</sup> percentile. The goal would be to have all schools fall into the 75<sup>th</sup> percentile as it is believed that the peer group overall is not as efficient as is required.





The level of spending in many areas outpaces that of others and points to an overburdened situation...

Figure 3: Cost per FTE Student



- > **Institutional support** - institutional support expenditures exceed the average by approximately \$4,000 more than the ATS average (\$15,714 excluding the embedded schools compared to an ATS average of \$11,741). Based on current student levels, this equates to a total of \$4.38M<sup>5</sup> more in institutional support expenditures annually across the network compared to the peer benchmark level.
- > **Student Services** - student services expenditures per FTE are \$3,607 per FTE compared to an ATS average of \$2,231. This indicates that in total the ELCA seminaries spend on average just over \$1,300 more per student. Based on current student FTE, this equates to a total of \$1.6M<sup>6</sup> more in total student services expenditures annually across the network compared to the peer benchmark level.

## Balancing the equation –physical assets

Further analysis of the level of physical assets underlines the fact that resource level reductions have not correlated to the decrease in students and that either a reduction in assets or a substantial increase in students is required to balance the current level of physical assets maintained from a financial perspective.

Across the eight seminaries approximately \$100 million (book value) is held in physical assets equivalent to total of 1,443,341 square feet of useable space. Based on a conservative analysis of unused capacity during core hours, it is estimated that approximately 22% of total space capacity (322,953 sq. ft.) is not used, which equates to

...it is estimated that approximately 22% of total space is not used.

<sup>5</sup> This compares the difference in total expenditures assuming the current FTE and current cost per FTE, versus the current FTE and the peer benchmark cost per FTE.

<sup>6</sup> This compares the difference in total expenditures assuming the current FTE and current average cost per FTE, versus the current FTE and peer benchmark average cost per FTE.





approximately \$33.7 million in value. The level of unused capacity varies by institution (see Appendix E for details.)

To illustrate the concept of balancing the equation, assuming a total seminary enrollment of 1,137 student FTE, and total seminary expenditures of \$67.9M, the seminaries collectively would need an additional 101<sup>7</sup> students to meet the average cost per FTE (for all ATS students). It is worthwhile to note that the rest of the industry is suffering the same problems as the ELCA schools (e.g., decreasing enrollment, overspending). Thus, comparisons are between similar contexts. One could argue that even for the peer benchmark group a more cost effective benchmark might be a 10% decrease in the average expenditures per FTE. In that case the ELCA would require 236 additional students (in total enrollment) to right size to an efficient peer cost level. So in other words, if one assumes that even the benchmark average is not at the optimal level and there is room to better balance students and expenditures by reducing costs by 10%, the ELCA would then need to increase students by 236 rather than 101.

Additionally, the operating cost of maintaining these assets is significant and reflected in the levels of deferred maintenance currently incurred by each seminary. The eight seminaries in total estimate between \$35.1 and \$50.8 M in deferred maintenance<sup>8</sup>. Even when subtracting the embedded seminaries, the average estimated deferred maintenance level per student is significantly higher than the ATS average of \$18,419<sup>9</sup> on both the low (\$24,720) and the high (\$36,667) level per enrolled student FTE perspective.

### ***Balancing the equation – human capital assets***

Human capital is the key component of the higher education “product” of educating students. As such, there is a significant level of faculty, staff, and administrative resources currently expended. Over 440 FTE are currently involved in delivering theological education at seminary locations across the nation. Of that amount there are approximately 120 faculty and 326 staff FTE allocated to various positions.

In conducting this assessment, we found that a major challenge for all seminaries is the availability of faculty with the required specialization consistently at each seminary site. Our evaluation looks at ways to ensure these specializations are in fact accessible to the students at each seminary, and offers an analysis of ways to achieve the alignment of faculty specializations with student need. An important consideration in this discussion is the one of tenure and its specific impact on the ability to modify the total number of faculty through faculty layoffs.

The American Association of University Professors (AAUP) 1940 Statement of Principles on Academic Freedom and Tenure describes tenure of faculty as it relates to the economic security and academic freedom afforded to a faculty member. Specifically, this

<sup>7</sup> The number of students required to balance total expenditures per FTE is intended to be illustrative of how “out of balance” the current expenditures per FTE are. Compare the previous “Growing Leaders” section that notes that in order to balance capital assets compared to number of students, the ELCA seminaries collectively would need an additional 800 students. This indicates that compared to expenditures per FTE (requiring an additional 101-236 students) the capital assets given the current student enrollment is more “out of balance.”

<sup>8</sup> Estimates of current deferred maintenance levels provided by seminary CFOs.

<sup>9</sup> The Commission on Accrediting of the Association of Theological Schools.



assumes that the faculty member will have continuous employment as articulated in the “precise terms and conditions” of their appointment. The key question to be resolved is what is meant by the precise terms and conditions of the employment agreement.

Many within higher education are facing this same challenge and are addressing the tenure discussion as follows:

- > Not being too prescriptive in the specific terms and conditions included in employment agreements
- > In the event of fiscal uncertainty and the need to reallocate or reduce faculty resources, do so in close conversation with faculty in coming to the best solution for both the institution and the faculty member
- > Offering opportunities to retain focus in area of specialization with options to “team teach” a course or series of courses to integrate the perspectives of different specializations and thus, strengthen the relevance of the course to the student
- > Set realistic expectations about future opportunities for tenure based on projected market and student needs and existing resources
- > Ensure that the mix of courses taught by the faculty member retains and respects areas of expertise and qualifications, and does not assume an “anyone can teach anything mentality”

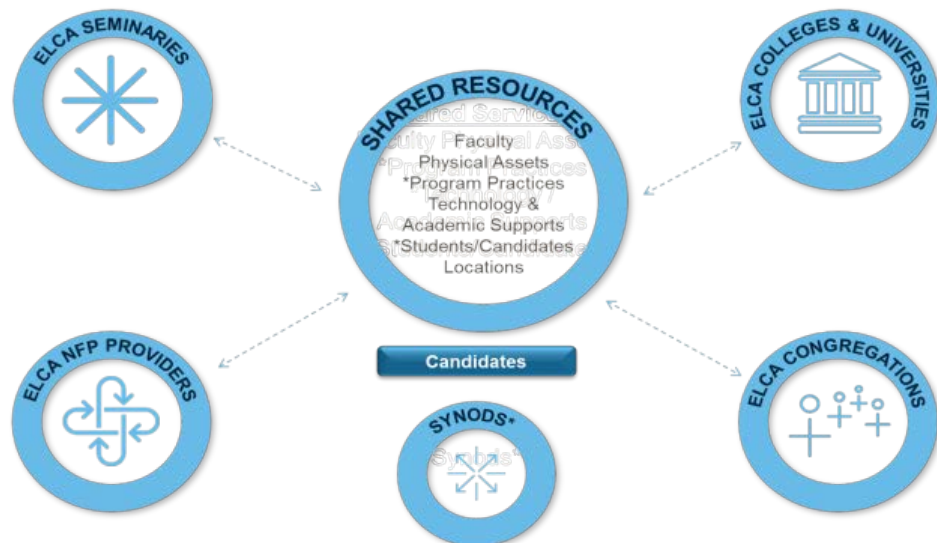
It will be key for the seminaries within the ELCA to come to agreement with its faculty and ensure an ongoing two-way dialogue if the impacts required to “balance the equation” are to be feasible.

In summary, though exceeding the costs of comparable schools, the level of resources committed on most fronts is not guaranteeing fulfilment of the mission expectations for the ELCA theological education. The challenge to the seminaries and leaders within the ELCA is to find those opportunities which allow realignment of resources in a way that most significantly impacts mission. By considering ways to collaborate, it will be possible to sustain current operations and also to utilize reallocated or saved resources, once the seminaries are in a position of fiscal surplus, toward experimentation or investment in innovation. This resource reallocation in alignment with mission may also positively impact the attraction of additional investment by donors, foundations or other granting entities.

The transformation of the delivery model needs to accomplish several things, most notably alignment of resources in a manner that expands the reach of theological education, is flexible in supporting the needs for rostered leaders, and is funded within recurring and reliable resources. Collaboration to optimize resources is a critical component of that transformation. Starting within the ELCA there are many opportunities to collaborate:



Figure 4: Collaboration Opportunities



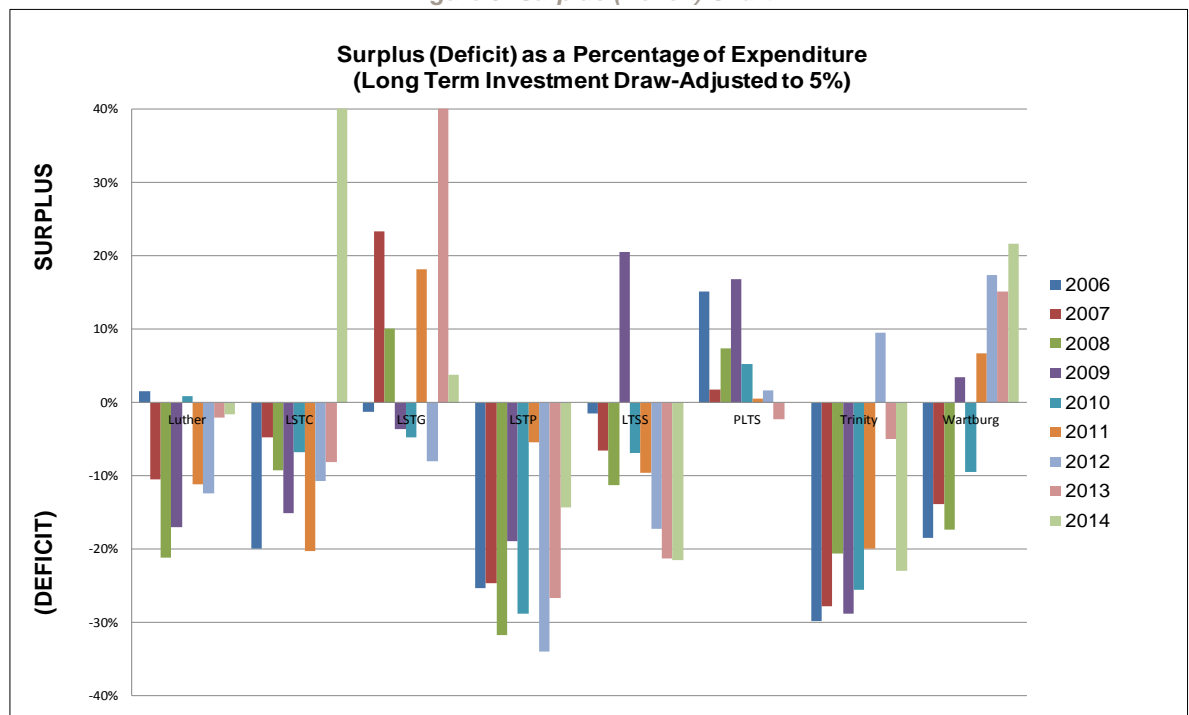
Each individual seminary is pondering ways to “right” its financial picture and mission focus. However, given the level of resources expended and the lessons learned from past attempts to address fiscal concerns, it may make sense to think about certain potential options on a global sense. Many concepts must be considered to ensure sustainable alignment of mission and resources and ability to meet the broader theological education needs of the ELCA.

### III. What is Possible? Impacts of Balancing the Asset Equation in Alignment with Mission

The goal of making theological education more sustainable is challenging, as previously noted. Diminished enrollment and a shrinking church membership erode revenues from tuition and gifts. The Great Recession negatively affected the value of endowments. Not surprisingly, most seminaries have struggled with operating deficits for the past decade.

How can the schools be made more sustainable? Although many individual school efforts are underway, a more holistic view of “how” to best align resources to mission is required.

Figure 5: Surplus (Deficit) Chart



As illustrated by the Surplus (Deficit) chart (Figure 5) above, there is urgency to reverse these deficits and align resources cost effectively with mission needs.

The estimates of savings and revenues that follow are *illustrative* of the potential opportunities for direct impact on sustainability. Again, a holistic view is required for maximum impact.

As previously identified, the level of **physical** assets currently committed is at a level which exceeds the optimal level for the currently enrolled student population. The cumulative physical asset commitment across all eight campuses is approximately \$100 million. There is too much space for current needs. This excess capacity should either: be repurposed for expansion of mission, sold for one-time revenue, or rented for recurring revenue. Dependent upon the model selected, if the 23% of campus capacity at just the non-embedded schools was either rented or sold, additional revenue streams would result in approximately \$25,394,000 in one-time or \$4,057,000 in annual recurring revenue (see Appendix G for details) .

Additionally, **deferred maintenance** continues to be a considerable liability for all campuses with an estimated current deferred maintenance range of \$30,946 – \$44,745 per student. The reduction of physical assets through adoption of different governance / deliveries model(s) would also significantly decrease deferred maintenance. Specifically, it is estimated that between \$6.5 and \$18.9 million in deferred maintenance costs can be eliminated for the non-embedded seminaries through the sale of unused physical assets (see Appendix D for details).

Another major ongoing expenditure is **faculty**. While it is recognized that each seminary has its own ethos and academic emphasis, our conversations across campuses identified faculty sharing as an approach to aligning resources to mission.

In many cases individual seminaries have right-sized faculty positions to the point where further reductions will harm their ability to be a viable quality education institution. However, there is still a need to align specialization with student demand and to ensure that faculty capacity is optimized. There is great potential for the ELCA theological education network to reduce or reallocate faculty to expansion of mission needs if minimum course size and distance learning platforms are adopted. Though we recognize there are some seminaries with excess faculty capacity, the more pressing issue is faculty with specialties that do not align with student needs on the particular campus on which that faculty are in residence.

By enforcing a class size minimum and using distance-learning technology to fill class sections with students from several seminaries, each seminary can both realize optimized capacity faculty and expand student opportunities to take courses in topics not offered at the student's home seminary. The current average course size across the seminaries is approximately 15 students, with a minimum of one student and a maximum of 86 students. If this faculty sharing approach was used only for introductory courses (excluding advanced courses and independent studies) with all seminaries enforcing a minimum of 15 students per course, 17 faculty could potentially be reduced or reallocated. Twenty-two faculty could be reduced or reallocated if a minimum of 20 students per introductory course becomes the adopted practice.<sup>10</sup> There is excess faculty capacity across the network as it relates to certain specialties.

<sup>10</sup> Calculated using course information provided by the seminaries.

The estimated savings or potential value of reallocated resources for sharing faculty across the six non-embedded schools is \$1.5 – \$4.4 million dependent upon the model selected.

Additionally, savings relative to centralizing key institutional support functions at the manager and above level can have significant impact (fiscal and other) through shared administrative positions. It is estimated that adopting the administrative structures outlined for each governance model can result in between \$1.5 - \$3.4 million in savings.

Table 3 below illustrates the potential impacts of a different governance model based on asset to student balancing assumptions:

*Table 3: Illustrative Impact Summary*

	Physical Assets	Faculty
Current Total Book Value (Physical Assets) Current Total Annual Expenditure (Faculty)	\$100,000,000	\$10,560,000
Current Total FTE	44 (staff FTE dedicated to maintenance operations)	120
Noted Gaps	Unused space of 23%	Courses not at minimum class size
<b><i>Illustrative Fiscal Impact (Savings or Available for Reallocation)</i></b>	<b><i>\$19 – \$25.4 million (sale of assets)</i></b>	<b><i>\$1.5 – \$4.4 million (require course minimums)</i></b>

The potential for reallocation of resources toward mission priorities is significant; however difficult decisions will be required at all levels.

## ***What is already happening?***

The seminaries and their individual boards continue to work diligently to address issues of sustainability from both mission and fiscal perspectives. Seminaries have been entrepreneurial in locating partnerships across a variety of entities to enhance academic programs, foster academic and administrative shared services agreements, and offer combined degrees. Seminaries often look to local partners before ELCA seminary partners, and in fact, significant cross collaboration on shared courses occurs with non-ELCA seminaries (e.g., Graduate Theological Union, Association of Chicago Theological Schools, etc.).

Likewise, innovation is occurring relative to expanded or enhanced mission focus across all campuses building on the distinguishing attributes of each seminary. Specifically we noted the following innovations to be celebrated:

- > Revised Master of Divinity program approaches
  - Revised program length to address debt issues
  - Revised focus to enhance leadership development
  - Increased time in and/or changes in sequencing of onsite placements
- > Increased partnerships for emerging ministries
  - Rural Ministries (e.g., cross seminary efforts)
  - Urban Ministries (e.g., Nonprofit partnerships)
  - Emerging Population Ministries (e.g., TEEM)
  - Ecumenical/Interfaith Centers (e.g., Islamic Studies and Interfaith Relations)
  - Multi-vocational leaders
- > Expansion of those educated, and strengthened congregation and seminary relationships
  - Seminary Advocates
  - Sponsored Congregational Leadership Development Events
  - Online Education for Lay Leaders
- > Collaborative recruitment at ELCA Colleges and Universities
- > Distance Learning offerings

However, these innovations are occurring in pockets and do not currently exhibit broad based sharing of either expertise for experimentation or results for effective implementation of effective practices. In fact, a lack of resources consistently available for innovative efforts restricts the ability to conduct meaningful and data driven experimentation in a manner that will have long-term impacts on the attraction and development of church leadership nationwide.

Thus, unfortunately, the potential for mission expansion is continually burdened for most by a required focus on financial challenges (e.g., structural deficits, overextended student debt, the constant pressure of fundraising, and burdensome reliance on endowment). The movement of two of the schools into an embedded governance model (i.e., they reside within an ELCA college or University) is just one of the options pursued in order to resolve fiscal issues and allow the type of mission innovation required. The partnerships between Lenoir-Rhyne University and Lutheran Theological Southern Seminary, and between California Lutheran University and Pacific Lutheran Theological Seminary are intended to strengthen the effective alignment of resources to theological education mission. The results of these recent changes in governance are not yet known.

## IV. Who is Responsible to Transform the Theological Education Approach (Governance)

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The ELCA has a long history of discussing and analyzing the challenges and issues relative to governance, impact, and cost of ELCA theological education. A 1995 report entitled *Faithful Leaders for a Changing World: Theological Education for Mission in the ELCA*, outlines many of the same issues identified as part of this assessment and specifically evaluated the required steps to address the 11 imperatives identified at the 1993 Churchwide Assembly. At its core, this 1993 report discusses the need for “a new structure to enhance collaboration and coordination” through a “cluster of interdependent networks of theological education providers.” During this period of discussion, the seminaries embraced this concept and went to work to maximize resources, set priorities, and enhance the preparation of leaders within the clusters.

Most agree that the results of the cluster formation are mixed, with some initiatives resulting in significant impact and others being viewed as little more than a gentlemen’s agreement to keep each other informed.

The reality is that while theological education continues to be a focus of mission for the ELCA, the current and anticipated paradigm shift in level of commitment to traditional, mainline religion, combined with public sensitivity to high levels of student debt, paints a complex and challenging picture for theological education across all religions.

This is a problem to be solved by the whole of the ELCA network. The power to make significant change resides at the local (seminary) level. In fact, under the current ELCA bylaws, while the ELCA has authority to “sponsor, support, and provide for oversight of seminaries for the preparation of persons for the ordained and other ministries and for continuing study on the part of ordained ministers and laypersons” each seminary is a separately incorporated entity with a separate governing body that holds the power to make all strategic decisions.

The difficult challenge is that while the “power” resides at the individual board level, the desire for change impacts stakeholders throughout the entirety of the Church. As such, it is imperative that all stakeholders convene to develop an attractive strategic plan that promotes sustainability in the broadest sense. The level of involvement in a new strategy to transform theological education by ELCA churchwide is ultimately the decision of each seminary board; however, that being said, the tremendous benefits of a common vision, central oversight approach, consistent and reliable funding source, and convener of impactful initiatives should not be minimized.



The governance options presented in this report provide a broad continuum of centralized and locally focused governance intended to drive discussion about the greatest point of sustainable impact. The actual governance representation within these structures will be critical to ensuring articulated outcomes drive action.

The governance models offered provide the information required to objectively view various options towards sustainability of which the recommended solution may be somewhere in between or a combination of all of the above. The compare and contrast approach will allow for depth of dialogue about which model or combination of them has the potential for impact and participation.

## V. Governance Options – Model Matrix

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The matrix which follows takes a compare and contrast approach, outlining various options for meeting TEAC objectives. It is important to remember that Baker Tilly's assessment is but one piece of a much broader discussion aimed at answering the questions that define TEAC's initiative. This matrix outlines options for the organizational and structural transformative change that must occur in order to realize education that is *more far-reaching, more sustainable, more connected, and flexible*. It is up to the TEAC, the seminaries, and other Church leadership to discern what that transformed mission and leadership development will look like.

The five models presented are:

- I. Central System
- II. Limited Central System
- III. Regional System
- IV. Joint Ventures
- V. Current State

The options or variables under each model of organizing the ELCA seminaries are presented in the following order:

- > Description of the Models
  - Governance
  - Relationships
  - Student Impact
  - Program Emphasis and Delivery
  - Public Relations
  - Resources
  - Financial Authority and Exit Strategy
- > Estimated Mission Impact
  - Regarding the TEAC Agenda
- > Illustrative Fiscal Impact
- > Risk and Problem Areas
- > High Impact Leverage Points

It is important to note that in our impact analysis we have assumed a steady total seminary enrollment for purposes of discussing the need to balance the equation of assets to students. While we recognize that current student enrollment may decrease (or

increase) substantially in the future, the evaluation of market trends of potential future enrollments was not within the scope of this project; rather, the objective was to outline key actions and shifts in resources required to ensure sustainability of the ELCA theological education model. It is not feasible to accurately predict the future enrollment in theological education due to uncertainty relative to church membership, congregational mergers or dissolutions, and other variables. Therefore, the calculations assume a baseline enrollment, with the assumption that any new students in addition to this baseline would result in new revenue which requires less “balancing” to occur (i.e., increases in enrollment through initiatives which address the leadership needs of the Church and which also provide new revenue sources would aid in “balancing.”) What is outlined below is illustrative of what is feasible in terms of balancing resources to students within each of the models identified.

Models					
Variables:	A. Central System	B. Limited Central System	C. Regional Systems	D. Formal Network - Joint Ventures	E. Informal Model – Current State
<b>Paradigm Description</b>	<p>One seminary, many places, governed centrally with a single Board; authority located in one place in the system will determine all priorities. Schools have advisory boards for relating to synods and donors.</p>	<p>Separate parent corporation (e.g. Theological University) and separate subsidiaries. Parent retains overall financial oversight; and sets explicit expectations relative to fiscal health, balanced budgets, and level of assets. Approval of financial plans and endowment spending required from Parent Board. Parent invests in<sup>11</sup> and requires participation in targeted academic and administrative joint ventures. Also, ensures relevant programs to achieve ELCA educational mission.</p> <p>Parent delegates location related operations (e.g., facilities, direct student services) to multiple presidents<sup>12</sup> and boards. However if a school is deemed “failing” the parent assumes ownership of asset management. In general, healthy schools will be given more latitude and</p>	<p>Three to four central systems (i.e., one seminary, with many locations) based regionally, developed in alignment with mission growth needs and based on geographic coverage through a mix of full service campuses and satellites. It is assumed here and in all models that Churchwide expectations for the education of rostered leaders will continue in force.</p>	<p>Option 1: Joint venture approach through formal agreements for a finite time by individual project or by category (e.g., shared services, leadership development, academic program development, faculty sharing). Overall expectations for collaboration outcomes set globally, parameters for funding and accountabilities set by agreement. No geographic limitations.</p> <p>Option 2: Model of a research center/experiment incubator to prioritize, initiate, and execute joint ventures. <i>Note: Column D was filled out with Option 1 in mind, but Option 2 should be considered as well.</i></p>	<p>No change to the current arrangements.</p>

<sup>11</sup> The nature or source of these investments is to be determined. Some of this funding could come, for example, from the savings gained from efficiencies in this model (e.g., shared services, reduced administrative positions).

<sup>12</sup> The reference to subsidiaries assumes the six non-embedded seminaries would participate in this model with the two embedded seminaries retaining separate governing authority, required to adhere to the required parameters for being an ELCA theological seminary (per ELCA bylaw 8.32.06), and participating in joint ventures as deemed appropriate.

Models					
Variables:	A. Central System	B. Limited Central System	C. Regional Systems	D. Formal Network - Joint Ventures	E. Informal Model – Current State
		struggling schools more oversight.			
Timeline	Estimated: three to five years. Model A would likely take the longest to implement, with savings estimated in the matrix not being fully realized until after this time period. Selecting this model as the end goal does not preclude other short-term measures to ensure fiscal sustainability, as not all the seminaries have three to five years to wait.	Estimated: three to four years. Model B would likely require slightly less time than model A as the seminaries would not have to join as many operations centrally. The savings estimated in the matrix would not be fully realized until after this time period. Selecting this model as the end goal does not preclude other short-term measures to ensure fiscal sustainability, as not all the seminaries have three to four years to wait.	Estimated: two to four years. Selecting this model as the end goal does not preclude other short-term measures to ensure fiscal sustainability, as not all the seminaries have up to four years of financial solvency. Formation of a regional system would take less time than Model A and Model B as it involves fewer institutions. It may take more time to fully realize the estimated savings represented in this matrix.	Estimated: less than one to two years. Some joint ventures would be easier to implement than others (e.g., shared IT provider versus shared faculty joint venture; joint experimentation could take some considerable time for the total experiment to be finalized, but initial changes could occur once the design is determined).	No change to the current arrangements.
Governance					
Governance Scope	Completely centralized fiduciary and mission responsibility including budgets, programs, and administration. Embedded would not see any changes relative to their primary governing authority but would participate in this	Parent has fiduciary and mission authority, but execution is delegated to subsidiaries with the exception of those things that are deemed required joint ventures (e.g., national faculty, strategic planning, DL platform, certain areas of institutional support). Embedded would not see any changes relative to their primary governing authority but would	Primary fiduciary and mission responsibility delegated to the regions with general parameters and performance criteria dictated by the regional body. Shared services can be within and outside ELCA entities within the region with first consideration given for cross-ELCA collaboration.	Fiduciary and mission responsibility based on agreements with some oversight for expected outcomes (i.e., rules of engagement) from churchwide for any church related funding. Governing input can be equal or based on contributing equity.	Purview of each institution's Board. TEAC, synods, other boards, and agencies have the opportunity to make suggestions.

Models					
Variables:	A. Central System	B. Limited Central System	C. Regional Systems	D. Formal Network - Joint Ventures	E. Informal Model – Current State
	governance model.	participate in this governance model.	Embedded would not participate in this governance model but would be able to participate in joint ventures offered within their region.		
Governance					
<b>Composition of Governing Body or Bodies<sup>13</sup></b>	One centralized governing board for non-embedded schools. Trustee composition either self-perpetuating or partially or wholly comprised of representatives (e.g., former Board members, synods, congregations).	For the subsidiaries there would be two levels of oversight: 1) Parent board - either self-perpetuating or one comprised wholly or partially of representatives including those directly aligned to the Church council and representative of the subsidiary; and 2) Subsidiary boards determined by the schools according to their needs and relationships.	Single governing board for each region with membership which may include representatives of regional judicatories (e.g., synods, areas), donors, and/or current Boards.	Joint ventures would have advisory or formal partnership corporation boards. Seminary governing boards would be nominated and elected as at present.	No change from current.

<sup>13</sup> Some observers assert that the strongest boards are self-perpetuating, i.e., determining their own membership within broad guidelines, such as “A majority of trustees shall be members of the ELCA.” In the best of circumstances such boards populate themselves with motivated individuals able to contribute substantial work, wealth, and wisdom. This kind of board can be effective in raising funds. On the downside, this kind of board can become ingrown and insular.

Another approach is to delegate the nomination of trustees to ecclesial bodies, thereby assuring “representation” and a higher degree of ecclesial control. Under this approach “representatives” could include persons nominated by the theological schools to the central board, a specified number of bishops, or other ecclesial leaders, and persons representing particular constituencies. This approach to trusteeship is often seen when seminary boards are primarily concerned with the educational content and formation process. The approach is weaker when fundraising is a significant responsibility.

Typically theological schools have a mix of designated and at-large appointments.

Models					
Variables:	A. Central System	B. Limited Central System	C. Regional Systems	D. Formal Network - Joint Ventures	E. Informal Model – Current State
Governance					
<b>Executive Leadership or Role of the President</b>	<p>The CEO appointed by the central board would monitor, counsel, and when necessary direct seminary COOs. Oversight of system-wide strategic planning and allocation of resources.</p> <p><i>Seminary CEOs in embedded schools would be appointed by their universities.</i></p>	<p>Central CEO (e.g., Chancellor) appointed by the central board would monitor, counsel, and when necessary direct seminary CEOs (e.g., Presidents). Subsidiary CEOs would be elected or terminated by the Parent board. It would likely do so in consultation with the subsidiary board.</p> <p><i>Seminary CEOs in embedded schools would be appointed by their universities.</i></p>	<p>The regional boards would each elect or terminate their CEO. Duties would not be unlike those of current CEOs. Each location may have an Academic dean and/or COO or Manager of Operations.</p> <p><i>Seminary CEOs in embedded schools would be appointed by their universities.</i></p>	No change from current.	No change from current.
<b>Governance Considerations</b>	Minimal complications; clear authority over all schools.	The degree of delegation and self-determination of the subsidiaries is challenging, requiring careful delineation.	Governance would be at the regional level for mission priorities and fiduciary matters. Execution of the mission would also be the responsibility of the regional entity in collaboration with other entities.	Any collaborative venture would only include those seminaries willing to participate.	Minimal complications; clearly distributed authority.

Models					
Variables:	A. Central System	B. Limited Central System	C. Regional Systems	D. Formal Network - Joint Ventures	E. Informal Model – Current State
Governance					
ELCA Exercises Significant Influence Through:	In all models the ELCA will continue to exercise significant influence through standards for ordination and education of rostered leaders, as it does currently.				
	<p>Churchwide will continue to determine standards for education of rostered leaders. Transparency by the central board will foster accountability to the wider church. Agencies and assemblies will continue to make requests and suggestions to the board and thus to the seminaries.</p> <p>ELCA funds may be prioritized and potentially redirected from other initiatives based on theological needs and potential impact on mission.</p> <p>Would continue to oversee Board nominating process and</p>	<p>Parent organization would define expectations of outcomes related to ELCA standards for ordination, education of rostered leaders, board criteria, etc.</p> <p>For healthy schools, implementation of this would be largely up to each individual site (<i>what</i> is defined by parent, <i>how</i> is determined by subsidiary).</p>	Regions would have increased accountability for governance, mission direction, leadership formation priorities, etc.	<p>Potential funding of joint ventures could occur through churchwide annual “joint venture” allocation, coordinated donor “ask,” and individual contributions from participants.</p> <p>ELCA bodies may suggest projects for collaborative work.</p>	No change to current.



Models					
Variables:	A. Central System	B. Limited Central System	C. Regional Systems	D. Formal Network - Joint Ventures	E. Informal Model – Current State
	criteria for Board membership <sup>14</sup> . Would see more implicit connections and partnerships with other ELCA entities.				
Governance					
<b>Metrics/ Accountabilities</b>	Transparency to the ELCA on finances, educational program statistics, student debt levels. Each location has accountability to central governing body in the above areas.	Financial, educational, and student debt performance metrics as determined and monitored by parent, and are the responsibility of the subsidiary to meet.	Financial, educational, and student debt performance metrics as determined and monitored by regional governance body.	Milestones and other metrics pertaining to joint ventures would be monitored by the funding source and advisory or corporate board, and reported back to participants, as well as others, to communicate results and encourage adoption of best practices.	Current reporting and transparency. Loyal accountability to the ELCA; legal accountability to each school's board and the state of incorporation.

<sup>14</sup> Please note: this currently exists to some extent and could exist in some of these models but would need to be adjusted depending on the model.

Models					
Variables:	A. Central System	B. Limited Central System	C. Regional Systems	D. Formal Network - Joint Ventures	E. Informal Model – Current State
Governance					
<b>Number and Location Decisions, including Possible Mergers.</b>	The Board decides number and location, and may merge some or all full service campuses.	Parent board assesses the sustainability of each subsidiary; failing schools are asked to merge, embed, or transform mission and resources into something that furthers the mission of the Church and is more fiscally sustainable.	This would be challenging, as existing seminaries would have to agree on the new assignment of regional responsibilities. This could imply that some schools would have to consider relocation.	Each school's board determines its location(s). These could change by voluntary mergers or other partnerships based on results of joint ventures. The number of the schools could increase if new schools are founded.	Each school's board determines its location(s). These could change by voluntary mergers or other partnerships. The number of the schools could increase if new schools are founded.
<b>Funding Model<sup>15</sup></b>	Centrally managed funds sourced through national and synod funding; individual and foundation philanthropy; endowment; tuition. Campus consolidation converts physical assets to invested financial assets.	Funding for parent from national funds, foundations, and allocations for centralized services. Seminary operations funded through synods and as current through donors and gifts, endowment and tuition. Budget allocations and monitoring by parent.	Funding for regional oversight comes from national level, the synod, and/or reallocated resources from current model. Decisions regarding funding would be at the regional rather than school level.	Funding for joint venture investments largely through centrally coordinated donors or shared churchwide funds, if available. Shared service funding and cost allocation managed through formal agreements between participating entities.	National and synod funding; individual and foundation philanthropy; endowment; tuition.

<sup>15</sup> All models assume that potential reallocated resources or cost savings will be available to fund one time and/or recurring budgetary costs. Caution should be used in implementation planning, as fiscal impacts may not be realized immediately and may require investments initially. Additionally, the level of effort expended by administrators in moving to consolidated or shared operations should be factored into resource planning as well.

Models					
Variables:	A. Central System	B. Limited Central System	C. Regional Systems	D. Formal Network - Joint Ventures	E. Informal Model – Current State
Governance					
<b>Endowments and Funds Functioning as Endowments</b>	Managed by the central board.	Managed by the parent board.	Managed by the regional boards.	Managed by each seminary or parent university.	Managed by each seminary or parent university.
<b>Embedded Schools</b>	<b>Embedded schools participate but are not governed by the system.</b> Have presence (voice but no vote) on the board on matters relevant to their work. Opportunities for collaboration are extended to embedded schools. They are governed by their parent university's board	Same as Model A.	<b>Embedded schools voluntarily participate in regional collaborations.</b> They are governed by their parent university's board.	<b>Embedded schools voluntarily participate in collaborative ventures and could take ownership of joint ventures.</b> They are governed by their parent university's board.	No change – governed by their University's Board.
Relationships					
<b>Connection to ELCA Colleges and Universities</b>	More formal approach to link college/ university resources to system needs. Arrangements made by system with individual colleges/universities as needed and appropriate.	Arrangements made with colleges/universities as needed and appropriate with the parent being accountable to raise opportunities for collaboration as appropriate.	Highly desirable within the region and directed by regional CEO's and boards.	College and university resources should be availed for some studies, projects, and joint ventures.	Arrangements made with individual colleges/universities as needed and appropriate.

Models					
Variables:	A. Central System	B. Limited Central System	C. Regional Systems	D. Formal Network - Joint Ventures	E. Informal Model – Current State
Relationships					
<b>Relationship to Synods</b>	Synod influence on governance weakened.	Synod representation on boards maintained.	Very close relationships.	Heightened involvement of synods (and congregations) in shaping some collaborative ventures.	As at present.
<b>Joint Ventures<sup>16</sup></b>	The central board could undertake joint ventures with organizations inside and outside the ELCA.	Joint ventures developed by subsidiaries would have to be carefully monitored by the parent board so that they achieve the mission and meet financial goals.	The regional boards could undertake joint ventures with organizations inside and outside the ELCA.	Each seminary is free to undertake joint ventures with the approval of its governing board.	Each seminary is free to undertake joint ventures with the approval of its governing board.

<sup>16</sup> Joint ventures are undertakings of two or more organizations for the accomplishment of a specific purpose, often time-limited and narrowly defined. Legally they may be one of three types: 1) a contractual relationship between the sponsors, 2) a partnership, joint powers authority or Limited Liability Company, or 3) a corporation with its own board that may be wholly owned entirely or in part by the sponsors. The corporate joint venture is usually intended to continue indefinitely. The joint venture agreements have to be carefully drawn so that responsibilities, costs, goals, and accountabilities are clear. Jane Arsenault, Forging Nonprofit Alliances, Jossey-Bass, 1998.

Models					
Variables:	A. Central System	B. Limited Central System	C. Regional Systems	D. Formal Network - Joint Ventures	E. Informal Model – Current State
Student Impact					
<b>Student Educational Debt</b>	Increased financial assets and consolidated cost savings can reduce net costs to students. Metrics for debt levels will be set and monitored relative to distribution of scholarship funds. Robust DL for academic and internship purposes can reduce debt for those keeping full time employment.	Coordination on best practices strongly urged by parent. Metrics developed for student debt for use in parent monitoring use of scholarship funds. Parent can set timetables for change.  Robust DL for academic and internship purposes can reduce debt for those keeping full time employment.	Insofar as regionalization generates greater involvement and donations, net costs to students may decrease.	Envision the joint board or advisory body will serve to ensure movement on recommendations of existing studies (e.g., Lilly Endowment Grant) related to student educational debt; further necessary study on this or other issues may be pursued by a coalition of institutions as a joint study.  Robust DL for academic and internship purposes can reduce debt for those students with full time employment.	Individual schools may address this issue as they wish.
<b>Recruitment of Students, Encouragement of Vocations</b>	Consolidated recruitment, and therefore greater deployment of staff to different populations such as camps, Young Adults in Global Mission (YAGM); no competition, therefore longer-range developmental strategy could emerge.	Schools recruit individually, as at present in their cooperative but competitive mode. More extensive recruitment (YAGMs, etc.) would need to be organized and funded.	The visibility of the school would be much higher in the region.	A joint venture on encouraging vocations may be considered.	Schools recruit individually, in their cooperative but competitive mode. More extensive recruitment (e.g., YAGMs) would need to be organized and funded.

Models					
Variables:	A. Central System	B. Limited Central System	C. Regional Systems	D. Formal Network - Joint Ventures	E. Informal Model – Current State
Program Emphasis and Delivery					
<b>Academic Program Development</b>	Programs at any or all locations may be initiated, ended, or combined at the discretion of the board. Possibilities include a single PhD program, a single DL platform, or the creation of national centers of excellence.	Consolidation, cooperation, and coordination strongly urged by parent. Parent can set timetables for change.	Developed by the seminaries with the needs of the region foremost in mind.	May be developed by a coalition of institutions as a joint venture.	Programs are largely developed by individual schools, with inter-institutional communication through the deans and other means.
<b>Lay and Rostered Continuing Education</b>	Operating resources may be reallocated to lay and continuing education due to consolidation savings and increased endowment. DL platform to increase accessibility may be developed for laity and rostered leaders.	Consolidation, cooperation, and coordination strongly urged by parent. Parent can suggest parameters and timetables for change. DL may be developed for laity and rostered leaders. Reallocated resources may be prioritized toward these efforts.	If a priority, programs may be developed by the seminaries with the needs of the region foremost in mind.	May be developed by a coalition of institutions as a joint venture.	Programs are largely developed by individual schools, with inter-institutional communication through the deans and other means.
<b>Distributed Learning</b>	Highly robust program needed to make up for lost regional presence.	Coordination strongly urged by parent. Parent can set timetables for change.	Developed by the seminaries with the needs of the region foremost in mind.	May be pursued by a coalition of institutions as a joint venture, or by individual schools.	Levels of investment in DL vary by school.

Models					
Variables:	A. Central System	B. Limited Central System	C. Regional Systems	D. Formal Network - Joint Ventures	E. Informal Model – Current State
<b>Scholarly Research and Production</b>	Sharply reduced due to diminished faculty.	May be reduced as faculty sharing grows.	No change anticipated.	Increased as joint research and projects would be encouraged.	As at present.
Public Relations (PR)					
<b>Philanthropic Impact</b>	Some potential loss of donors whose affiliated school is merged; long-term upside potential due to improved quality and institutional reliability which could attract more donors.	Current arrangements and relationships with donors maintained (this a major reason for retaining presidents and boards).	Individual donor arrangements and relationships would be within the region. Judicatory funding and decisions regarding allocations would be made by those entities.	Positive impact on some (e.g., donors seeking more collaboration and impact, such as Lilly Endowment initiatives). Negative impacts minimized due to entities retaining their identities.	There is some probability that ELCA funding will remain flat or decline. Skill in identifying, cultivating, and soliciting individual donors will be valuable.
<b>Public Reaction</b>	Applause for efficiency; objections by alums and regions to the “closing” (i.e., merger) of schools.	Criticism for adding another hierarchical and bureaucratic layer. Applause for creating more of a system.	Likely mixed. Applause for trying to be regionally responsive. Concern about any disruption and cost.	Likely positive, depending on the nature of the collaboration.	None, as there is no change. Potential for continued frustration with number of seminaries.

	Models				
Variables:	A. Central System	B. Limited Central System	C. Regional Systems	D. Formal Network - Joint Ventures	E. Informal Model – Current State
Resources					
<b>Shared Faculty</b>	Required, so may be more efficiently deployed. Tenure approach addressed globally <sup>17</sup> . Consolidation savings. Greater flexibility in hiring faculty with specializations to support the mission of the Church.	Strongly urged by parent in the broadest sense; may be required for core courses where specialization supply is not in alignment with demand.	Faculty sharing agreements could occur on a regional level whether for one-time sharing, shared hiring of faculty, distance learning models, or others.	Could be a requirement of participation in a joint venture; and will happen, as at present, on an ad hoc basis, or by arrangements between institutions.	Will happen, as at present, on an ad hoc basis, or by arrangements between institutions.
<b>Educational Research and Innovation</b>	Operating resources may be reallocated to research and innovation due to consolidation savings and increased endowment. Research may include new models of educating clergy; new models used in other fields; pilot programs.	Cooperation and coordination strongly urged by parent. Parent can set timetables for change.	Developed by the seminaries with the needs of the region foremost in mind.	May be pursued by a coalition of institutions as a joint venture, or by individual schools.	Innovation and change in programs and curricula are largely developed by individual schools. Inter-institutional communication through the deans and other means.

<sup>17</sup> Tenure issue will need to be addressed relative to reallocation of faculty between courses and schools; and what if any layoff parameters are appropriate due to fiscal exigency.



Models					
Variables:	A. Central System	B. Limited Central System	C. Regional Systems	D. Formal Network - Joint Ventures	E. Informal Model – Current State
Resources					
<b>Shared Institutional Staff and Costs</b>	Resources may be more efficiently deployed and a more strategic approach taken to use of assets both geographically as well as programmatically. Potential consolidation savings.	Consolidation, cooperation, and coordination strongly urged by parent. Parent can set timetables for change.  Potential for additional cost due to increased hierarchy if not carefully designed.	Regional oversight design would need to consider how to not increase costs. Opportunity to share with churches or judicatories in the region.	May be pursued by a coalition of institutions as a joint venture.	Very little at present.
Financial Authority and Exit Strategy					
<b>Capital Acquisition, Disposition, and Financing Authority</b>	All assets, liabilities and net assets would transfer to the central board, which would be responsible for the acquisition or disposition of any significant physical assets. It may designate the proceeds from disposition to purposes furthering the mission. Capital fundraising for particular campuses would be in cooperation with the campus' advisory	The parent board would combine endowments and manage investments and provide spending guidelines. Capital fundraising would be in cooperation with the subsidiaries' boards. The parent board would approve subsidiaries' financing plans and work to ensure fiscal health and subsidiary boards would maintain fiduciary responsibility. The subsidiary board would manage the physical assets in trust. The parent board would approve system-wide strategic planning. In pursuit of the plan,	Regional boards would be responsible for the acquisition or disposition of any significant physical assets. They may designate the proceeds from disposition to purposes furthering the mission. Capital fundraising for the region would be in cooperation with the campuses in the region. The regional boards will have the right to borrow and pledge assets as collateral.	Individual seminary boards would be responsible for the acquisition or disposition of any significant physical assets. They have the right to borrow and pledge assets as collateral. They have the privilege of raising capital funds.  Financing of joint venture capital assets would have to be thoroughly delineated and agreed by the sponsors.	The individual seminary boards are responsible for the acquisition or disposition of any significant physical assets. They have the right to borrow and pledge assets as collateral. They have the privilege of raising capital funds.

Models					
Variables:	A. Central System	B. Limited Central System	C. Regional Systems	D. Formal Network - Joint Ventures	E. Informal Model – Current State
	board. The central board will have the right to borrow and pledge assets as collateral.	it would approve the subsidiaries' acquisition or disposition of any significant physical assets. For failing schools, all assets, liabilities and assets would transfer to the parent board.			
Financial Authority and Exit Strategy					
<b>Exit Strategy, or Reversion to the Current Status Quo</b>	Seminaries have to opt in, but can opt out before final merger negotiations are complete and documents executed. After legal merger they cannot opt out, although the central board can spin them off (i.e., no longer take responsibility for them, for example, by giving the seminary its assets and let the seminary be free standing or align the seminary with a university or other partner) if warranted.	Seminaries have to opt in, but can opt out before final merger negotiations are complete and documents executed. After legal merger they cannot opt out, although the parent board can spin them off if warranted (see Model A for further explanation).	Seminaries have to opt in, but can opt out before final merger negotiations are complete and documents executed. After legal merger they cannot opt out, although the regional board can spin them off if warranted.	Seminaries participating in joint ventures are generally obligated to meet their responsibilities as contracted, as a partner, and as an owner in the joint venture. Special arrangements would be required for an early exit.	Status quo continues.

Estimated Mission Impact					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
Regarding the TEAC Agenda (see Appendix B)					
<b>More Far Reaching</b>	Maybe, if saved resources are reallocated toward mission needs and/or locations through satellites and distributed learning (DL).	Maybe, if saved resources are reallocated toward mission needs and/or locations through satellites and DL, and if the parent and subsidiaries agree.	May vary with the amount of available resources and associated revenue of the new ventures.	May vary with the amount of available resources and associated revenue of the new ventures.	Status quo (e.g., each seminary determines initiatives to accomplish greater reach).
<b>More Connected and Flexible</b>	<p>Yes, shared resources and increased flexibility in aligning expertise and programs with needs and use of ELCA-wide assets.</p> <p>No, large entity reduces nimble decision-making.</p>	<p>Yes, shared resources increase flexibility in aligning expertise and programs with needs and use of ELCA-wide assets.</p> <p>No, shared authority reduces nimble decision-making.</p>	Yes, on a smaller scale within the region. Deeper relationships may be possible given focused strategy.	Connectivity should improve in a way appropriate to the collaborative venture under consideration.	Status quo (e.g., each seminary determines initiatives to accomplish).

Estimated Mission Impact					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
Regarding the TEAC Agenda (see Appendix B)					
<b>More Sustainable</b>	Yes, ability to share specializations in leadership formation allows entity to have expertise to address changing market needs. Yes, economies of scale improve fiscal sustainability picture. Yes, student debt metrics can drive use of scholarship more effectively toward highest priorities. Yes, can consolidate schools when necessary.	Yes, ability to share specializations in leadership formation allows entity to have expertise to address changing market needs. Yes, economies of scale improve fiscal sustainability picture. Yes, student debt metrics can drive use of scholarship more effectively toward highest priorities. Yes, can consolidate schools when necessary.  Poor performance by subsidiaries may negatively impact the ability to reach sustainability.	May depend on the strength of support from donors and judicatories within the regions.	To the extent that collaboration leads to new revenue or to consolidation sustainability is strengthened.	Status quo. The sustainability of each seminary continues as at present.
<b>Realignment of Resources to Emerging Population</b>	System-wide resources (i.e., all ELCA assets) relevant to emerging populations may be readily identified. If a priority, resources may be allocated and decisions about number and locations directly aligned.	Resources relevant to emerging populations may be readily identified. If a priority, a timetable for development may be set.	Insofar as these are regional concerns, resources may be reallocated.	This could be an occasion for a collaborative project. Realignment of resources requires a realignment of priorities.	This would depend on the mission priorities of the individual institutions.

Estimated Mission Impact					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
Regarding the TEAC Agenda (see Appendix B)					
<b>Revenue Impact<sup>18</sup></b>	Donor Impact: \$2.9M  Rental Income: \$4.1M (Annual)  Sale of Assets: \$25.4M (One time)	Donor Impact: \$3.1M  Rental Income: \$3M (Annual)  Sale of Assets: \$19M (One time)	Donor Impact: \$2M  Rental Income: \$2.3M (Annual)  Sale of Assets: \$16.9M (One time)	Donor Impact: Dependent upon joint venture  Rental Income: Dependent upon joint venture  Sale of Assets: N/A	Donor Impact: N/A  Rental Income: \$4.6M (Annual)  Sale of Assets: \$33.7M (One time)

Illustrative Fiscal Impact					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
<b>Expenditure Impact<sup>19</sup></b>	Estimated impact (savings / reallocation) on annual operating expenditures: <b>\$8.2M</b>  One-time expenditure impact variables:	Estimated impact (savings / reallocation) on annual operating expenditures: <b>\$4.9M</b>  One-time expenditure impact variables: > DL platform	Estimated impact (savings / reallocation) on annual operating expenditures: <b>\$3M</b>  One-time expenditure impact variables: > Regional DL platform	Estimated impact (savings / reallocation) on annual operating expenditures: <b>\$TBD (see example joint ventures)</b>  One-time expenditure impact variables: Development of experiment incubator oversight	Estimated impact (savings / reallocation) on annual operating expenditures: <b>Dependent upon seminary</b>

<sup>18</sup> Precise estimates of the revenue impact cannot be accurately made at this point. Such estimates would depend on the number of seminaries opting into a consolidation (Model A, B, or C) and the receipts from any property sales. Effects on donations – whether up or down - are speculative.

<sup>19</sup> Transitioning to a new model carries costs which are difficult to estimate at this point. Costs will depend on the seminaries opting into the model, the assets, and operational strength they bring, geography, and other factors.

Illustrative Fiscal Impact					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
	<ul style="list-style-type: none"> <li>&gt; DL platform</li> <li>&gt; Faculty training for DL platform</li> <li>&gt; Startup costs of implementing a system model</li> <li>&gt; Staff training related to system-wide operations</li> <li>&gt; Potential costs for reduction of tenured faculty</li> <li>&gt; Recruiting costs for new staff positions</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Faculty training for DL platform</li> <li>&gt; Startup costs of implementing a system model</li> <li>&gt; Staff training related to system-wide operations</li> <li>&gt; Potential costs for reduction of tenured faculty</li> <li>&gt; Recruiting costs for new staff positions</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Faculty training for DL platform</li> <li>&gt; Startup costs of collaborating regionally</li> <li>&gt; Staff training related to regional based operations (e.g., finance, facilities)</li> <li>&gt; Recruiting costs for new staff positions</li> </ul>	framework	One-time expenditure impact variables: N/A

Illustrative Fiscal Impact					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
<b>Faculty Expenditures</b> <sup>20</sup>	Estimated savings: \$4.4M of available resources to reallocate or reduce.	Estimated savings: \$1.9M of available resources to reallocate or reduce.  Estimated	Estimated savings: \$1.5M of available resources to reallocate or reduce.  Estimated	For illustrative purposes, assume three seminaries collaborate on a rural ministry pilot project; each does not fill two faculty positions that have	Faculty sharing will continue on an ad hoc basis. While the savings could be similar to

<sup>20</sup> Note that these figures represent estimated eventual savings or resources for reallocation. A majority of the ELCA seminaries' faculty is tenured; therefore, changes above would be made gradually as retirements occur and as the tenure system is addressed as a whole. If buyouts of tenured faculty were done, these would be one-time initial costs that could decrease the savings listed above. Also note that as it relates to reallocation of faculty, due to recent curriculum reviews by several seminaries courses are not all interchangeable. To ensure the seminaries have interchangeable courses would require an investment of time and formal agreements related to these courses (e.g., common requirements and/or interchangeable courses).

Illustrative Fiscal Impact					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
	<p>Estimated reduction/reallocation in faculty FTE: 50</p> <p><u>Assumptions:</u></p> <ul style="list-style-type: none"> <li>&gt; Required sharing of faculty through distance learning and other models</li> <li>&gt; Maximum utilization of faculty (i.e., all hired faculty will match specialization needs of students, new tenure approach, use of adjuncts)</li> <li>&gt; Minimum student FTE per course (i.e., introductory and non-introductory) of fifteen students</li> <li>&gt; Average faculty total compensation of \$88,000</li> </ul>	<p>reduction/reallocation in faculty FTE: 22 faculty</p> <p><u>Assumptions:</u></p> <ul style="list-style-type: none"> <li>&gt; Formal sharing of faculty in introductory, non-independent study courses through distance learning and other models across the system</li> <li>&gt; A minimum class size of 20 students; this is reflective of economies of scale gained through a coordinated approach to faculty hiring and sharing for introductory courses across six seminaries</li> <li>&gt; Impact could be greater if minimum course size for non-introductory courses is also assumed</li> <li>&gt; Average faculty total compensation of \$88,000</li> </ul>	<p>reduction/reallocation in faculty FTE: 17 faculty</p> <p><u>Assumptions:</u></p> <ul style="list-style-type: none"> <li>&gt; Formal sharing of faculty in introductory, non-independent study courses through distance learning and other models within and across regions</li> <li>&gt; A minimum class size of 15 students; the smaller class size as compared to Model B is reflective of lesser economies of scale gained when the coordination of faculty is done on a regional, versus system-wide, level</li> <li>&gt; Impact could be greater if minimum course size for non-introductory courses is assumed</li> <li>&gt; Average faculty total compensation of \$88,000</li> </ul>	<p>recently retired but instead collectively hire two faculty in this specialty (a net loss of four faculty) for the pilot project.</p> <p>Estimated potential savings: \$352,000 and potential to increase.</p> <p><u>Assumptions:</u></p> <ul style="list-style-type: none"> <li>&gt; Formal agreements to share faculty for specific initiatives and joint ventures</li> <li>&gt; Phasing out of the tenure process to allow the hiring of faculty for specific areas deemed important for the formation of leaders following the Church's vision</li> </ul>	<p>Model D, partnerships are likely to be much slower and would not be as targeted towards pilot projects with the potential funding available in Model D for such ventures.</p>
<p><b>Faculty Expenditures</b> (cont.)</p>	<p><u>Considerations:</u></p> <p>Reducing the number of courses offered each year will result in balance of faculty to students, and therefore</p>	<p><u>Considerations:</u></p> <p>The above figures assume a minimum class size only for introductory courses as we recognize that some autonomy at the site level may not allow</p>	<p><u>Considerations:</u></p> <p>The above figures assume a minimum class size only for introductory courses as we recognize that the collaboration focused on a</p>	<p><u>Considerations:</u></p> <p>Such a joint venture enables joint collaboration for new projects without the risk of one seminary alone hiring three faculties in an experimental</p>	

Illustrative Fiscal Impact					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
	may impact the variety of courses offered. However, we assume that a new central approach to tenure and the use of non-tenured faculty could actually accommodate more variety (e.g., instead of one tenured faculty member teaching five courses per year in one specialty, several non-tenured faculty could be hired to teach five course in different specialties) in both type of course and possibly students served.	the same level of control over more niche courses that may be non-introductory.	regional level may not allow for the same cross-seminary sharing as Model A.	project area.	

Illustrative Fiscal Impact					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
<b>Overhead / Institutional Support Expenditures</b>	<p>Estimated savings: \$3.4M</p> <p>Assume only 1 FTE in central system for the following positions:</p>	<p>Estimated savings: \$2.7M</p> <p>Assume only 1 FTE in a limited central system for the following positions:</p>	<p>Estimated savings: \$1.5M</p> <p>Assume 1 FTE in each of the three regional systems for the following positions (i.e., a total of three of each of the</p>	Joint ventures open up the possibility of one or more seminaries partnering for shared services in any of these areas. For example, if two seminaries who currently have	Some sharing exists, primarily with local partners.



Illustrative Fiscal Impact					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
	<ul style="list-style-type: none"> <li>&gt; President</li> <li>&gt; VP of Admissions</li> <li>&gt; VP of Advancement</li> <li>&gt; VP Finance</li> <li>&gt; Registrar</li> <li>&gt; Director of Communications/Marketing</li> <li>&gt; Library Director</li> <li>&gt; Director of IT</li> <li>&gt; Director of Operations</li> </ul> <p>Assume 1 FTE in central system at each seminary location for the following positions (i.e., six total FTE for each):</p> <ul style="list-style-type: none"> <li>&gt; Director of Admissions</li> <li>&gt; Controller/Business Office Coordinator</li> <li>&gt; IT Coordinator</li> <li>&gt; Facilities supervisor</li> <li>&gt; Head librarian</li> </ul> <p>Assume that current additional office support staff will remain the same.</p>	<ul style="list-style-type: none"> <li>&gt; VP of Admissions</li> <li>&gt; VP of Advancement</li> <li>&gt; VP Finance</li> <li>&gt; Registrar</li> <li>&gt; Director of Communications/Marketing</li> <li>&gt; Director Library</li> <li>&gt; Director of IT</li> <li>&gt; Director of Operations</li> </ul> <p>Assume 1 FTE in limited central system at each location (e.g., six positions):</p> <ul style="list-style-type: none"> <li>&gt; Director of Admissions</li> <li>&gt; Controller/Business Office Coordinator</li> <li>&gt; IT Coordinator</li> <li>&gt; Facilities supervisor</li> <li>&gt; Head librarian</li> </ul> <p>Assume that current additional office support staff will remain the same.</p>	<p>following positions):</p> <ul style="list-style-type: none"> <li>&gt; President</li> <li>&gt; VP of Admission</li> <li>&gt; VP of Advancement</li> <li>&gt; VP of Finance and Operations</li> <li>&gt; Registrar</li> <li>&gt; Director of Communications/Marketing</li> <li>&gt; Director Library</li> <li>&gt; Director of IT</li> </ul> <p>Assume 1 FTE at each seminary of the following (i.e., six FTE total):</p> <ul style="list-style-type: none"> <li>&gt; Director of Admissions</li> <li>&gt; Controller/Business Office Coordinator</li> <li>&gt; IT Coordinator</li> <li>&gt; Facilities supervisor</li> <li>&gt; Head librarian</li> </ul> <p>Assume that current additional office support staff will remain the same.</p>	<p>a Director of IT wanted to share a Director for oversight purposes while maintaining existing IT specialists at each site, this could save approximately \$87,600.</p>	

Illustrative Fiscal Impact					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
<b>Physical Assets</b>	<p>The free standing seminaries currently have an estimated 23% of unused space.<sup>21</sup> The estimated potential impact of these could be:</p> <ul style="list-style-type: none"> <li>&gt; Estimated rental income revenue \$4.1M</li> <li>&gt; Sale of physical assets \$25.4M</li> <li>&gt; Number of square feet available for redeployment for expanded or new mission use is 283,218</li> </ul>	<p>The free standing seminaries currently have an estimated 23% of unused space.<sup>2</sup> Assuming, for example, the sale, rental, or redeployment of 75% of unused physical assets the estimated potential impact of these could be:</p> <ul style="list-style-type: none"> <li>&gt; Estimated rental income revenue (75%) \$3M</li> <li>&gt; Sale of physical assets (75%) 19M</li> <li>&gt; Number of square feet available for redeployment for expanded or new mission use. (75%) 212,413</li> <li>&gt; Potential savings from decrease in plant and</li> </ul>	<p>All seminaries currently have an aggregate estimated 22% of unused space which equates to 322,953 square feet<sup>2</sup> at a value of \$33,716,085.</p> <ul style="list-style-type: none"> <li>&gt; Estimated rental income revenue (50%) \$2.3M</li> <li>&gt; Sale of physical assets (50%) 16.9M</li> <li>&gt; Number of square feet available for redeployment for expanded or new mission use. (50%) 161,476</li> </ul> <p><u>Considerations:</u></p> <p>Each seminary Board would</p>	<p>All seminaries currently have an aggregate estimated 22% of unused space which equates to 322,953 square feet valued at \$33,716,085 (including the embedded schools).</p> <p>This excess capacity could be redeployed for any number of joint ventures.<sup>22</sup> For example, if two seminaries on the East Coast had a joint venture pilot project related to urban ministry they could collaborate with a more urban seminary to use unused space for this pilot.</p>	<p>The seminaries have an estimated 22% of their space unused, which equates to 322,953 square feet. The total value of these is \$33,716,085.<sup>2</sup></p> <p>Currently, there have been discussions of selling some buildings and renting out space though often rental income is not market value.</p>

<sup>21</sup> Assumptions: Based on space utilization information provided by the six free standing seminaries, during core hours:

- > 49% of the classroom space is unused
- > 30% of housing capacity is unused
- > 11% of "other" space is unused
- > In aggregate, 23% of the total space is unused

<sup>22</sup> Assumptions: Based on space utilization information provided by all eight seminaries, during core hours:

- > 47% of the classroom space is unused
- > 27% of housing capacity is unused
- > 13% of "other" space is unused
- > In aggregate, 22% of the total space is unused

Illustrative Fiscal Impact					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
<b>Physical Assets</b> (cont.)	<p>&gt; Potential savings from decrease in plant and operations staff: \$437,000</p> <p><u>Considerations:</u></p> <p>Plant and Maintenance Staffing Reduction</p> <p>Currently there are 44 Plant Operations and Maintenance FTE across the six free standing seminaries, including custodians, groundskeepers, housekeepers, and other operations staff. Their total benefits and salaries are \$1.9M. Assuming a 23% reduction in these expenses to right-size unused space to current student FTE, this would result in \$437,000 in savings.</p>	<p>operations staff: \$327,750</p> <p><u>Considerations:</u></p> <p>Each seminary Board would determine whether to sell, rent, or redeploy space. For example, if failing schools were asked to merge, embed, or change mission this could increase the use of space. Seminaries could also collaborate to share space as need with a priority for inter-ELCA entity use of physical assets (i.e., colleges, non-profits, congregations).</p>	<p>determine whether to sell, rent, or redeploy space. With a VP of Finance and Operations for each region, regions can collaborate strategically on the future of their seminary campuses and potential satellite campuses. Aside from selling physical assets regions can reimagine the use for those assets collaboratively through new initiatives to further the mission of the Church, which also may create new potential revenue streams for existing assets. Additionally, inter-ELCA regional partnership for capacity sharing may increase.</p>		

Illustrative Fiscal Impact					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
<b>Eliminated Deferred Maintenance</b> <sup>13</sup>	Estimated decrease in deferred maintenance: \$6.5M to \$18.9M. <sup>23</sup>	Estimated decrease in deferred maintenance: \$0 to \$18.9M (assuming the highest range). <sup>24</sup>	All eight seminaries face large amounts of deferred maintenance. <sup>25</sup>	All eight seminaries face large amounts of deferred maintenance.	All eight seminaries face large amounts of deferred maintenance. <sup>5</sup>
	The elimination of deferred maintenance will largely be the result of decrease in physical	<u>Considerations:</u> Because each entity will still have its own Board in Model B	<u>Considerations:</u> Decreases in deferred maintenance would result from	<u>Considerations:</u> Deferred maintenance would decrease as a result of the	<u>Considerations:</u> > Current estimates of deferred

<sup>23</sup> Assumptions:

- > Deferred maintenance costs could be decreased by the sale of physical assets.
- > The current average deferred maintenance per FTE on each free standing seminary campus ranges from \$24,721 to \$36,667 per enrolled student FTE compared to a peer average of \$18,419.
- > If the free standing seminaries were collectively to right-size their deferred maintenance to a level similar to other ATS seminaries this would require a decrease in deferred maintenance (and therefore, in a sense, physical assets) of between 25% and 50%.

<sup>24</sup> Assumptions:

- > Deferred maintenance costs could be decreased by the sale of physical assets.
- > The current average deferred maintenance per FTE on each free standing seminary campus ranges from \$24,721 to \$36,667 per enrolled student FTE compared to a peer average of \$18,419.

<sup>25</sup> Assumptions:

- > Deferred maintenance costs could be decreased by the sale of physical assets.
- > The current average deferred maintenance per FTE on each free standing seminary campus ranges from \$24,721 to \$36,667 per enrolled student FTE compared to a peer average of \$18,419.

<sup>13</sup> Prior to 1988, this was funded through a churchwide capital campaign. Independently seminaries appear to not have been successful in raising the necessary capital to cover deferred maintenance.

Illustrative Fiscal Impact					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
<b>Eliminated Deferred Maintenance</b> (cont.)	assets.	it would be up to each Board and seminary whether buildings are sold to right size or rented out for other purposes. The central VP for Operations, however, could lead a strategic campus planning initiative to be implemented and approved at each seminary including the sale of buildings, renting of assets, and collaboration around the use of unused space for new initiatives.	the sale of physical assets as determined by regional boards.  On a regional level, each VP for Operations, however, could lead a strategic campus planning initiative to be implemented and approved at each seminary including the sale of buildings, renting of assets, and collaboration around the use of unused space for new initiatives.	sale of physical assets. However, through joint ventures seminaries could use underutilized spaces for new mission-focused, revenue-generating activities.	maintenance range from \$35.2M to \$50.9M collectively across the eight seminaries. > Though some seminaries rent unused space often the rent is not enough to cover maintenance costs; the sale of some unused buildings could help to marginally decrease these figures.

Risk and Problem Areas					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
<b>Mergers</b>	Full merger into one seminary is part of this model. A loss of autonomy by individual seminary boards and administrations occurs within this model.	The possibility of mergers may provoke concerns about possible loss of autonomy. Mergers suggested by the parent board will have difficult negotiations and implementation if any	Mergers are not necessarily implied by this model, depending on the way in which regions and institutions are set up. Alliances and mergers may be voluntary, and more likely if regional	Institutional independence is maintained in this model. Mergers and alliances are therefore among the options individual schools may pursue to achieve sustainability and	Institutional independence is maintained in this model. Mergers and alliances are therefore among the options individual

Risk and Problem Areas					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
	Schools with strong finances are less likely to see the need to merge into this model. Boards may resist the move to eliminate local control and identity.	potential partner is unwilling	collaborations had engendered productive programs and inter-institutional trust.	programmatic vitality.	schools may pursue to achieve sustainability and programmatic vitality.
<b>Seminary Curricula</b>	A curriculum revision that would permit sharing of faculty and establishing minimum course sizes would be likely. Elective offerings could be broadened through video conferencing and other methods. Unique courses and disciplinary perspectives could be maintained. Particular values infused in courses at particular locations would be supported.	Subsidiary boards would be responsible for curricula within guidelines promulgated by the parent board. Those parent-board guidelines would include faculty sharing. Curricular revisions enabling equivalence of credits would have to be developed.	Curricula would be developed in the regions. Regions with multiple teaching locations would determine if inter-institutional sharing of faculty and common curricular ground are warranted.	Joint ventures on new topics and methods of teaching may be developed and implemented by participants. Sharing of curricular revisions and successes can be continued and emphasized.	Each seminary, within ELCA guidelines, develops and implements its curricula.
<b>Community Identity</b>	Each school has its own ethos and, in the residential schools especially, its own ways of forming student intellect, character, and vocational commitment.	A change to a parent-subsidiary governance model does not imply a significant change to the ethos, formation, and internal values of a seminary, unless merger and relocation is	Part of the identity of the seminary may change as regional relationships are developed. These may also imply the inclusion of new members of the community.	No apparent change to the seminary's identity.	No apparent change to the seminary's identity.

Risk and Problem Areas					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
	Merger and relocation may change these student experiences.	indicated.			
<b>Cost/Investments</b>	The negotiations and implementation involved in mergers is lengthy and costly in time and money. In the long run resources may or may not be both concentrated and found to expand the mission of theological education.	1. The negotiations and implementation involved in mergers is lengthy and costly in time and money. In the long run resources may be both concentrated and found to expand the mission of theological education. 2. Two levels of boards may be duplicative, sluggish, and susceptible to inter-board conflict. Feasible that significant effort could be expended without the intended results.	The negotiations and implementation involved in moving to this model many be lengthy and costly in time and money. Regional collaboration without introducing additional costs or hierarchy can be challenging. Structure would need to honor standards of the broader network, while considering priorities of the region.	Special funding for collaborative initiatives and joint ventures would have to be sought or found. The scale of some of these collaborations may be small, however.	No new costs to the seminaries are envisioned.
<b>Financial risk</b>	Risk of losing donors, especially alumni/ae of schools that are relocated and/or merged. The merger may not come off if schools opt out, and that, therefore, savings are not realized.	Risk of losing donors, especially alumni/ae of schools that are relocated and/or merged.	If all funding is regional, new disparities in synod funding may emerge between the regions. While closer ties to a region may generate better relationships and, consequently, funding, the achievability of this assumption is uncertain.	A stronger network and more collaboration may not have a significant impact on sustainability. Current trends show financial fragility in some schools, with a likelihood of further deterioration. Joint venture and collaborative arrangements could break down over funding/fiscal issues if there is not a clear commitment to the project and a funding structure which	Current trends show financial fragility in some schools, with a likelihood of further deterioration. If trends continue or are exacerbated, the accreditation and current mission of the school may reach a crisis.

Risk and Problem Areas					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
				aligns to the common good.	
<b>Risks Relative to TEAC Outcomes of:</b>  <b>More Far Reaching,</b>  <b>More Flexible &amp; Connected</b>  <b>More Sustainable</b>	<p>A central approach to viewing and allocating resources should have the benefit of aligning resources in ways that allow for expansion of mission and geographic reach – the risk is in the ability to execute changes with a sense of urgency given size.</p> <p>A large, single system risks the inability to make decisions and move quickly; this may not be aligned with the goal of flexibility to react to market needs. Also, connectivity between initiatives and seminaries should be enhanced, yet connectivity at the local level may be compromised.</p> <p>The ability to gain economies, ensure common expectations around fiscal sustainability, and work</p>	<p>The ability to come together to eliminate duplicative resources, ensure availability of other resources, and reconfigure locations in a manner that is most mission driven and cost effective should have the benefit of enhancing presence and connectivity, while reducing costs.</p> <p>However, the ability to be flexible to seminary-based issues and to respond quickly to local needs may be negatively impacted by the need to go through a hierarchy or dual hierarchies to gain approvals or direction.</p> <p>Coming together to find a solution to the question of how to ensure quality leaders for the future of the Church may be enhanced through this model given that the best ideas from all can be considered; however, the level of bureaucracy in the ultimate framework could</p>	<p>The regional model offers benefits as it relates to being more flexible and far-reaching, yet most likely on a smaller more regional scale and with potentially disparate level of impact/result across the regions.</p> <p>Competition rather than collaboration may continue to exist between regions and ability to shift resources to emerging populations or geographies may be complicated.</p> <p>In terms of leadership sustainability, there are relevant and impactful concepts to build upon that can occur regionally, yet the impact of finding solutions and expending resources toward those solutions will continue to be duplicated in the regional model, and those regions that are not as strong fiscally may struggle to put efforts and resources toward the required experimentation.</p>	<p>Initiatives in which most or all of the seminaries come together for experimentation or joint venture will positively impact the ability to more strategically offer depth, type, and presence of program, and will also positively impact the connectively for the network.</p> <p>The risk is in that the option of voluntarily coming together may continue a mindset of “it is better for each of us to go <i>this alone</i>” rather than be hampered by group think or complex hierarchies.</p> <p>At the same time, another risk to this model is that given that resources are not required to be combined or offered, those who are apt to want to be collaborative may consistently incur expense and expended effort on behalf of those who do not participate. The funding/financing piece for this model is uncertain and could be unduly complicated.</p>	<p>While progress toward TEAC's goals may be feasible in the current model, it is unknown whether individual seminary efforts will have the impacts required especially as it relates to being more far reaching from a national perspective, being sustainable fiscally, and being flexible as it relates to faculty sharing.</p>



Risk and Problem Areas					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
<b>Risks Relative to TEAC Outcomes of:</b> <b>More Far Reaching,</b> <b>More Flexible &amp; Connected</b> (cont.)	<p>to strategically develop a framework for future church leader development will be a positive; the risk is not coming to consensus and having unduly bureaucratic approaches to achieving this.</p> <p>Poor investment markets and decisions are a further risk.</p> <p>And the ultimate risk is potential further sharp decline in applicants, which dependent on the level of decline no economies of scale or collaboration may be able to overcome.</p>	<p>harm progress to move forward if not carefully designed.</p> <p>Major risk inefficiencies created if there is destructive conflict between the parent and subsidiary boards.</p> <p>Poor investment markets and decisions are a further risk.</p> <p>And the ultimate risk is potential further sharp decline in applicants, which dependent on the level of decline no economies of scale or collaboration may be able to overcome.</p>			

Regardless of which model is chosen, the following offer considerable opportunity and highest impact in leveraging the power of collaboration across the ELCA:

High Impact Leverage Points					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
<b>Faculty Specialization</b>	Faculty is hired with the specific mission and program needs in mind.	The central system coordinates the joint hiring of faculty across locations where common specializations are needed.	Hiring of faculty to meet regional needs is coordinated by the governing body in the region to make use of overlapping needs in specialization.	Partnerships to share faculty where there is interest in common specializations.	As faculty retirements occur, some seminaries share faculty ad hoc where they need specializations.
<b>Mission Leadership Development</b>	A strategic approach can be developed and executed centrally related to an overarching strategy for leadership development.	A shared vision for the leadership needs of the Church and how to meet those can be developed centrally, but the implementation and exaction of the approach would be done at each location.	Each region could dictate their focus on leadership formation and collaborate to achieve this.	Seminaries can partner to address the changing leadership needs of the Church; the experiment incubator could help to facilitate this creative thinking and partnership.	Each seminary has its own interpretation of leadership formation and is addressing this individually.
<b>Experiment Incubator</b>	Central experiment incubator/think tank model funded by whole system to collaborative and create new initiatives.	Central experiment incubator/think tank model funded collectively by seminaries; ideas are implemented by each location.	Central incubator would facilitate collaboration on both a regional level, and national level.	Incubator would be central to forging partnerships.	None exists; experimentation is largely done individually by seminaries.

High Impact Leverage Points					
	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
<b>Shared Vocational Discernment /Leverage Point for all ELCA Programs<sup>26</sup></b>	One strategic approach to connecting with youth (e.g., YAGM, LVC, camp counselors)	One strategic vision for to connecting with youth (e.g., YAGM, LVC, camp counselors) executed by each seminary location.	One strategic approach to connecting with youth (e.g., YAGM, LVC, camp counselors) but executed regionally based on the needs of the region.	Emphasis on partnerships to creatively address connections with youth for vocational discernment process.	Individual seminary approach to connecting with youth; limited due to funding constraints and competition between seminaries.

<sup>26</sup> It is important to note that there is still work that needs to be done by the Church and seminaries in discovering how to connect to potential future leaders. There is no easy answer; this report does not assume that answers have already been reached.

## VI. Summary/Call to Action

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This assessment by Baker Tilly is just one piece of a much broader discussion and effort necessary to ensure the ELCA has leaders that meet the needs of the Church of the future, maintains cultural relevance, and is part of a broader effort to ensure the sustainability of theological education from both mission and fiscal perspectives. Given the adaptive challenges<sup>27</sup> facing all churches in the United States (e.g., shrinking numbers of those aligning themselves with organized religion) and the significant decline and shift in the religious commitment and expectations of a changing demographic (e.g., younger, multi-cultural), it is critical that ELCA leadership – the collective leaders of the Church including synod leaders, churchwide administrators, lay leaders, and seminary CEOs and board members - challenge themselves to rethink the ways in which the Church connects to, and fulfills its mission within communities and prepares culturally-savvy leaders.

The keys to sustainability are directly linked to answering questions such as:

- > How do we create relevant and compelling relationships with the Church and define “worship” in a way that more broadly fulfills the mission and meets individual member needs?
- > What is required to develop long-term, meaningful relationships?
- > How do we engage our members based on their needs and expectations?
- > How do we best form leaders who can fulfill the Church’s mission in ways that are sustainable, flexible, and nimble to meet changing expectations?
- > How do we support our current congregational leaders (lay and rostered) through relevant and accessible continuing education from the best minds in congregational leadership and in mission and daily life?

The key to answering these questions is the authority to: innovate through new approaches; foster experiments and pilot programs; and learn from others through research and intentional sharing. As important is the latitude and fiscal ability to fail in order to determine the best answer. Unfortunately, the capacity to experiment is not feasible when resources are scarce or committed to the preservation of existing assets. Such is the case with the ELCA seminaries.

The current negative fiscal picture (i.e., structural operating deficits, considerable deferred maintenance, and capital renewal burdens, all of which exist for most seminaries) is the direct result of a 39 percent decrease in full time equivalent students since 2005, and legacy assets being committed neither in ways that are cost effective nor in alignment with changing market needs and strategic priorities. The continuation of this hampered financial situation will prevent the ELCA from having the resources required to adequately attend to mission sustainability in an innovative and forward looking manner. With every day that passes, ELCA funds are being expended that could be directed

<sup>27</sup> The term “adaptive change” as discussed by Ronald A. Heifetz, *Leadership Without Easy Answers*, Belknap Press of Harvard University Press, Cambridge MA, 1994.

toward more value added initiatives aimed at solving the problem of how to ensure the sustainability of ELCA theological education, and assist to solve the broader mission challenges of the Church.

There are currently gaps in meeting needs relative to candidacy, student scholarship funding, emerging populations, and geographic presence among other things. Unfortunately, these issues are not easy to solve, nor is there a considerable amount of time to make the required changes.

The collective ELCA has to decide how a more coordinated approach to developing church leaders will occur in order to render ELCA theological education truly sustainable in every aspect. It is possible that each seminary continuing to try to “right the financial ship” individually will have the required results; however, the most likely scenario is that short of a disruptive change (i.e., change that assures the effective balancing of resources and revenues to meet emerging and ever changing needs), many of the schools will survive in the short term based on non-recurring large donations, yet will not be financially solvent for the long-term. Those who say this model has survived past economic downturns and fiscal deficits must remember that the “X” factor this time is that labor costs are only going to continue to increase, while the availability of students for enrollment will continue to decline if a new approach is not taken. Based on this urgency, transformative change is necessary to realize results of those efforts before the seminaries are no longer financially viable.

Additionally, by working together to determine a more relevant and sustainable model of theological education, the funds “saved” can work beyond ensuring financial sustainability of seminaries to also release committed funds for investment in experiments and new approaches. By improving individual seminaries’ fiscal positions and repurposing surplus funds toward innovation, it is also likely that the ELCA as a whole will be able to attract new donors or foundation investments.

In order to address the challenges outlined above, specific questions that TEAC must answer include:

1. What specific actions must be taken prior to the November Church meeting to ensure that transformation occurs in a manner that is timely? What is realistic to accomplish between now and then given other priorities and initiatives?
2. Given theological education’s direct impact on achievement of the broader church mission, is it necessary for the ELCA to appoint an oversight body that continues to monitor all theological education functions and assumes a role as facilitator of collaboration? If so, how does that body’s formation need to be reflected in the action steps?
3. To assure that any initiated taskforces and work groups are representative, yet not so large they become inefficient, what specific expectations relative to their formation and functioning need to be explicitly outlined?
4. How does TEAC work with the Church Council and individual seminary boards to ensure objective and realistic oversight of each seminary’s fiscal situation and appropriate focus on mission-critical allocation of resources?

5. What role does the current ELCA governance structure (e.g., Church Council, Conference of Bishops) play relative to each of these action steps?

As such, we recommend that ELCA leadership demand an urgent and collaborative approach to identifying key changes and modifications required for the approach to, and fiscal priorities of, the ELCA Theological Education Model. Specifically, the following next steps for ELCA leadership are critical to reaching an impactful and sustainable future.

#### Required ELCA Leadership Action Steps

No.	Owner	Activity	Outcome	Timeline
1	TEAC	Invite discussion of Baker Tilly report by Seminary Board Chairs. Seek short-term action plan(s) from each seminary for moving forward in a fiscally sustainable manner.	Recommendation from Seminary Boards on short-term actions (12-18 months) to be taken by their institution to the November 2015 Church Council meeting.	Discussion by Seminary Boards: Late August – upon receipt of final Baker Tilly report  Action Plan: Prior to November 2015 Church Council Meeting
2	TEAC	Identify readiness champions <sup>28</sup> to work through entire process and work proactively toward value-added and successful modifications.	Advisory group of champions to be the “voice of reality” throughout the transformation.	September
3	TEAC/Seminary CEOs	Outline key <b>impact points</b> <sup>29</sup> and <b>required outcomes</b> relative to mission impact and leadership formation – what needs to change?	Focused agreement of what needs to change – for presentation to Church Council.	August - September
4	TEAC/Seminary CEOs	For each <b>impact point</b> – research what others within and outside the ELCA are currently doing relative to this impact point with a	Prioritized listing of impact points.	September-October

<sup>28</sup> Readiness champions are individuals at all levels within the involved organizations that are serving as advocates for transformation, driving change locally, and facilitating a proactive, two-way dialogue that provides feedback to ELCA leaders about barriers which may impede effective change.

<sup>29</sup> **Impact points** are variables or conditions that must be present in order for the ELCA to fulfill its mission and ensure effective future church leadership. In other words, what will be most impactful to the future of the Church (e.g., innovation in worship and lay education, financial leadership, reaching emerging populations)?

No.	Owner	Activity	Outcome	Timeline
		focus on <b><i>required outcomes</i></b> . <sup>30</sup>		
5	TEAC/Seminary CEOs	Develop working groups (using an accelerated improvement process model <sup>31</sup> ) to address each impact point with the specific expectation that priority focus areas will be defined.	Define specific initiatives or experiments to be funded and identify the priority sequencing of these experiments/ initiatives based on anticipated outcomes.	September-October
6	TEAC/ Congregational Leaders/Synods and Seminary Academic Leaders	Identify critical needs relative to lifelong learning for lay leaders and continuing education for rostered leaders.	Provide input to a working group focused on lay and continuing education as a means to broaden the value of ELCA membership through direct engagement in the “call” for more global and impactful “work of the Church.”	September - October
7	TEAC or New Oversight Body	Identify potential introduction and/or reallocation of some funds (e.g., churchwide, grants, donor based) toward experiments or initiatives ( <b><i>high impact projects</i></b> <sup>32</sup> ).	Determine specific allocations and timeframe for each high impact project.	Post November 2015 Church Council meeting
8	Seminary CEOs	Research on joint sharing and reassignment of faculty toward high impact projects.	Report to Church Council on potential impact of realignments and requests for additional funding of staff for involvement in experiments.	September – October – for preliminary recommendations at November 2015 Church Council meeting
9	TEAC/Seminary	Develop an initial theological education	Accountability to move forward with	September – October – for

<sup>30</sup> ***Required outcomes*** are the results that are being sought through addressing the impact points (e.g., increased membership, active membership, expanded global mission giving or involvement).

<sup>31</sup> ***Accelerated process improvement*** is a process used to identify and recommend potential transformative efforts or process changes in a concentrated and condensed timeframe (no more than ten to twelve weeks).

<sup>32</sup> ***High impact projects*** are defined as those experiments, initiatives, or pilots that have the potential for the most significant impact on required outcomes.

No.	Owner	Activity	Outcome	Timeline
	<b>CEOs</b>	transformation plan with key milestones and report outs to all stakeholder groups and plan to report to governance body.	impactful changes, programs, and approaches.	preliminary recommendations at November 2015 Church Council meeting
<b>10</b>	<b>ELCA Churchwide Staff and Seminary CFOs</b>	Identify mechanisms and reports to ensure transparency relative to finances, resource outlays, and educational outputs for Boards, Church Council, and Synods.	Ability of seminary and other Church leaders to objectively assess fiscal realities/needs, carryout fiscal governance responsibilities and set accountabilities, or reallocate resources, as needed.	Prior to Spring 2016 Church Council meeting
<b>11</b>	<b>Seminary Boards and ELCA</b>	Determine governance body structure and membership for these initiatives.	Accountability to move forward with impactful changes, programs and approaches.	Post November 2015 Church Council meeting
<b>12</b>	<b>ELCA Churchwide Organization Seminary CEOs</b>	Set framework/timeframe for experiments, results reporting, and ultimate recommendations relative to required changes.	Status and Final reports to Seminary Boards, Synods, and ELCA Churchwide relative to recommendations for model and approach change and required funding.	Prior to the 2016 Churchwide Assembly meeting

Two points of important clarification relative to the required action steps:

1. **The selection of impact points will be critical to ensure meaningful change** based on the findings and conclusions of this assessment. See the below summary of impact point themes for a comprehensive list of those articulated by constituents throughout this assessment.

Area	Description
<b>Mission Impact</b>	
Leadership Formation/Development	Collaboration on leadership formation from the perspective of honoring the “distinctives” of various campuses (e.g., urban ministry, financial leadership acumen, interfaith leadership), as



Area	Description
	well as a jointly identifying and implementing best approaches to preparing the Church leader of the future.
Experimentation Incubator – Emerging Populations	The ability to work and experiment jointly to identify the best ways to serve emerging populations and to ensure adequate and intentional presence geographically.
Experimentation Incubator – Shared Vocational Discernment	The ability to combine resources and thinking about the most effective and impactful approaches to identifying, mentoring and guiding those discerning vocation.
Faculty Specialization Sharing	Widespread agreement of the need to “rethink” how to ensure faculty specializations are optimized and available for <u>all</u> students.
Lay & Continuing Education Platforms and Offerings	Specific emphasis on the need to create education offerings in this area which are accessible, relevant, and impactful in guiding ELCA leaders of all types.
Multi-Vocational Program Development	Recognition that, in the context of the changing church, preparing leaders for a “call” relative to service may look very different in the future. How can nontraditional ways of serving the Church be highlighted and related programs or partners included in leadership formation?
<b>Resource Impact</b>	
Physical Assets/Location Sharing & Reconfiguration	Action relative to the overleveraged physical asset situation of entities involved in ELCA theological education. This warrants a considerable amount of action relative to balancing the costs with the revenue or mission impacts received. Across all campuses, either assets need to be reduced, or new mission and revenue impacts realized to maintain current assets.

Area	Description
Business Technology & Technology Related Academic Support (DL Platform, flexible cohorts)	Rapid adoption of advanced technology approaches to share academic and administrative resources, offering educational programming that is relevant and accessible, and encouraging more widespread sharing of effective practices will be critical to both fiscal and mission sustainability. Presence in new geographies through satellite or shared locations will rely on a reliable and consistently utilized DL platform.
Financial Oversight & Reporting	Transparency and accountabilities will be required to ensure that fiscal resources align with critical mission actions.
Fiscal Operations (e.g., student billing, reporting, accounting, accounts payable)	The ability to share expertise and reduce overall resources for non-mission based operations will be critical to addressing student debt, affordability, and fiscal sustainability issues.
Shared Vocational Branding, Recruitment and Admission Strategy and Supports	More effective “marketing” of the ELCA and mission-related vocations and engagement from all facets of “the Church.”
Student Services Supports (Administration, Financial Aid, Admissions, Records, IT)	Interest in collaborating on certain aspects of student services and supports in a manner that reduces administrative duplication, yet honors the ability to attract and retain students from a “best fit” perspective.

2. Financial transparency and a strategic approach to assisting all involved in making effective decisions regarding allocation of resources towards the highest impact on mission are vital to achieving overall sustainability. This information is critical for both planning and accountability purposes. There are several options for enhancing current financial transparency efforts (e.g., the ELCA Comparative Financial Audit). Specific financial metrics which need additional focus to address the most critical fiscal sustainability issues include:

- > Expenditures and revenues per student FTE
- > Structural deficits
- > Effective spending rates
- > Student debt
- > Physical assets – underutilized capacity, deferred maintenance
- > Student/faculty and student/staff FTE ratios

See Appendix A for a more detailed explanation of what is required for enhanced transparency in theological education financial reporting.

The need for sustainability and the need to express in new ways the Church's educational outreach led to the analyses in this Baker Tilly report. As important as the completion of this final report may be, the iterative dialogue which occurred between church leaders throughout the assessment has been crucial. We continue to be impressed by the thoughtful conversations and continued passion toward fulfilling the Church's mission indefinitely exhibited by those involved in this project.

If ever there was a time which demanded broad altruism and unbiased assessment from, and reflection by, the ELCA – it is now. The potential lies in moving forward together and quickly.

# Appendix A: Financial Transparency

It is critical that the ELCA seminaries have an ongoing mechanism for ensuring transparency across key financial and other metrics. Such transparency makes it easier to monitor the financial health of the seminaries on an ongoing basis, allows easier assessment for potential collaboration opportunities (e.g., shared IT resource and potential savings, shared faculty for a specific specialization), and allows comparisons with industry leading averages and benchmarks. The ability to quickly and accurately garner such information is critical to making effective decisions regarding allocation of resources towards the highest impact on mission.

Current inconsistencies in how each seminary accounts for, and allocates, revenues and expenditures make the comparison of ELCA seminary data challenging. The National Association of College and University Business Officers (NACUBO) has guidelines for how higher education institutions should classify expenses (e.g., institutional support, auxiliary, student services); however, the seminaries are not consistently applying these standards. For example, the six free standing seminaries currently allocate the registrar's salary to one of three different expense categories: student services, academic support, or instructional support. This makes a comparison of FTE per student in each category, or salary expenditures per student in each category, inaccurate between the seminaries and challenges the ability to compare to industry leading practices inaccurate.

Below are some of the key metrics which we would recommend the seminaries consider moving forward and some of the current challenges in comparing and calculating this data.

Metric	Current Practice	Challenge	Potential Recommendation
Structural deficits	The seminaries are not consistent in whether they include one-time-only revenue transactions (e.g., sale of building or bequests).	The inclusion of one-time transactions or estimated bequests does not provide an accurate picture of a seminary's underlying financial sustainability. If seminaries include different things in the calculation of structural deficit this also makes those figures incomparable.	Seminary CFOs should determine clear guidelines for comparing structural deficits (i.e., what to include and exclude) and what else is important to consider relative to financial viability (e.g., bequests, deferred maintenance estimates).
Percentage draw on endowment	The seminaries use different formulae to determine their draws on endowment, including different draw rates. Seminaries may also	The seminaries' investment draw should be computed using the same formula across the eight seminaries in order to have comparative results. Moreover, the	Seminary CFOs should agree on clear guidelines for the calculation of percentage draw on endowment that is reflective of actual use of endowment for a given

Metric	Current Practice	Challenge	Potential Recommendation
	vary their spending rates year to year with emergency draws and other irregular withdrawals.	operating results should be measured against the common standard of a five percent draw.	fiscal year. For example, computing the draw rate as a percentage of financial assets which would exclude housing.
Student debt	The Director of Seminaries collects this data from each seminary.	The average debt levels of graduates in some cases are too high to be considered sustainable on first call compensation.	Continue to experiment with ways of structuring distributed learning, internships, and financial education for students. Consistently assess and take action relative to measures of excessive student debt.
Investment return	This data is not currently calculated in order to compare the seminaries.	A twofold challenge: first, showing the comparative total return on each school's investment portfolio before withdrawals. Second, noting and comparing the size and scale of additions and withdrawals from each portfolio over time.	This could be shown on a net basis – long term investments this year versus last year, including all additions, withdrawals, gains, and losses. This would show school trustees the long term growth or decline of their crucial financial assets.
Staff and faculty FTE	There are inconsistencies in how seminaries account for different faculty types (e.g., adjunct, full time) when calculating FTE. This is also true when faculty have different administrative positions within the seminary for which their workload is decreased (i.e., Dean, librarian, President).	Salaries and FTE are not consistently allocated because of differences in how seminaries count faculty FTE and account for faculty having administrative positions. This results in inaccurate metrics that use this data, for example, total faculty FTE per student FTE, and total faculty cost per student FTE.	The seminary CFOs and Deans should collaborate to determine how to account for faculty FTE (e.g., adjunct, full-time, faculty with part-time administrative positions) in a way that reflects the true resources being used in teaching and other academic areas.
Deferred maintenance	Each seminary has a different method for calculating deferred maintenance; some seminaries' estimates are based on formal campus assessments, while others include all	The differences in deferred maintenance estimates makes it challenging to understand what types of large maintenance expenditures are actually facing the seminaries in the short-term and the	The seminary CFOs should agree upon what should be included in deferred maintenance estimates. They should consider estimates in intervals of time to consider short versus

Metric	Current Practice	Challenge	Potential Recommendation
	large upcoming estimated maintenance projects.	long-term. For example, the deferred maintenance estimates the seminaries provided BT compared to those provided to ATS varied by 45% overall (i.e., a range of \$35.2M to 50.9M).	long term needs.
Revenues and expenditures per student FTE	<p>Revenues and expenditures are not consistently categorized using the NACUBO expense classification guidelines. Costs are also allocated differently depending on the seminary. For example:</p> <ul style="list-style-type: none"> <li>&gt; Overhead: some seminaries allocate overhead to each department while others do not</li> <li>&gt; Depreciation: some seminaries allocate depreciation by department, others do not</li> <li>&gt; Technology: some seminaries keep this as one lump sum on the GL, some allocate the technology cost by department</li> <li>&gt; Salaries: some seminaries allocate salaries by department, while others keep it as one lump sum on the GL</li> </ul>	<p>Because seminaries allocate costs very differently, it is challenging to compare the cost per student FTE by department (e.g., registrar, admissions). General expenses are not consistently classified following the NACUBO classification guidelines, so comparability of overall expense category costs per student is inaccurate</p>	<p>Seminary CFOs should determine how the allocation of costs and accounting of costs can be standardized among the seminaries to provide the most accurate picture of true costs so that expense comparisons can be easily made between the seminaries, and with industry leading practices.</p>

The metrics listed above are not all included in a traditional financial audit and cannot be audited in the same way that financial statements are annually audited. However, similar to institutional data reporting, clear guidelines and definition for different metrics (e.g., deferred maintenance) will provide critical comparability of information. As part of any fiscal transparency effort the seminary Presidents and CFOs should determine the best way to display and share this information; for example, a colored dashboard could visually depict financial position, or a format similar to the TEAC ELCA Seminary

Scorecard could be used. Such a document should not be limited to traditional financial ratios but should also include both qualitative and quantitative information relative to the metrics listed above.

Below is an example of the TEAC ELCA Seminary Scorecard:

Evangelical Lutheran Church in America/  
Theological Seminary Scorecard, 2014

Source: Baker/Tilly Audited Financials

Seminary ~ Luther

Financial Ratio	Definition	Program FY						Standard	Positive/ Negative/ Neutral Rating
		09	10	11	12	13	14*		
No. 1 - Primary Reserve & Secondary Reserve Ratio	Primary Reserve ratio indicates the strength and flexibility of the seminary by indicating how long it could operate using its expendable reserves without relying on additional net assets generated by operations.	(.032)	.154	.505	(.029)	.048		A ratio of .40x or better is an advisable reserve to give seminaries the flexibility to transform the enterprise. This financial flexibility would provide the ability to cover 5 months of expenses without replenishment. <b>2012:</b> H - 2.029 M - 0.231 L - (.405)	<b>Negative,</b> slightly below average results 4 of 5 years. Four of five results are below industry standard.
	Secondary Reserve ratio provides an assessment of the significance of permanently restricted or nonexpendable net assets in relation to operating size.	2.925	3.20	3.15	2.63	3.07		The higher the value of this ratio, the more favorable the seminary's financial condition. Nonexpendable net assets should increase at a faster rate than operating size. <b>2012:</b> H - 4.898 M - 3.379 L - 2.480	<b>Neutral,</b> below average results 5 of 5 years.

# Appendix B: Seminary Visit Observations

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## Examples of existing institutional initiatives to address financial and educational challenges (strengths):

1. The presence within individual seminaries and in limited cases between seminaries of broad and intentional experimentation with program emphasis areas that align with the needs articulated in candidacy, of local congregations, and in meeting overall theological education demands (e.g., sequencing of internships and use of distributed learning [DL] decreases student debt and increases time spent in context – to define the most effective model or approach). All seminaries have redesigned their curriculum in an attempt to meet: the needs and changing expectations of church leaders (e.g., to form leaders taking into account culture and context), the shift in types of students (e.g., non-traditional students, rural leaders), and the call to reduce student debt.
2. Advancement and capital campaign planning is intentionally being positioned to address structural deficits, deferred maintenance challenges and plans are in place in many cases to monetize or exploit campus physical assets. In a few cases, advancement is focused on growth initiatives but this is not present across all seminaries given their fiscal position.
3. The presence of expanded partnerships with other institutions (e.g., embedding with Lutheran Universities, sharing academic programs and administrative services with locally situated liberal arts colleges or other seminaries, aligning continuing education programming with not for profit or other seminaries in the geographic location).
4. Limited sharing of faculty from the individual school perspective to address temporary absences or specialized skill set needs. Seminaries are thinking more strategically about faculty specializations and as faculty retire, are hiring strategically to meet the demand for certain specializations.
5. Collectively, seminaries are addressing physical asset misalignment (e.g., gap in assets to level of need for physical space) by repurposing the space, renting it to other entities, or developing programs that would increase the utilization of the space. The level of assets owned, however, far exceeds the level needed or recommended and the current solutions do not entirely close the gap
  - a. Not all of these initiatives are recouping the total cost of maintaining these assets.
  - b. Limited cost/benefit analysis in terms of market value versus ongoing maintenance liability.
  - c. In many cases space is rented to nonprofits that do not have the ability to pay but do have programs aligned with community based ministries (mission).



## Appendix C: Budget Surplus/Deficit Detail

Seminary	Projected Surplus/Deficit FY 2015 (including depreciation)	Projected Surplus/Deficit FY 2015 (excluding depreciation)
Chicago	(\$238,000)	\$458,000
Gettysburg	(\$90,270)	\$334,731
Luther	(\$1,400,000)	(\$118,000)
Pacific	(\$250,000)	(\$125,000)
Philadelphia	(\$1,800,000)	(\$700,000)
Southern	(\$1,265,322)	(\$159,000)
Trinity	(\$812,000)	(\$312,000)
Wartburg	(\$225,000)	\$150,000
TOTAL	(\$6,080,592)	(\$471,269)

## Appendix D: Deferred Maintenance Detail

Seminary	Fall 2014 Estimated Deferred Maintenance (High)	Fall 2014 Estimated Deferred Maintenance (Low)
LSTC	\$19,500,000	\$15,236,000
Gettysburg	\$1,750,000	\$250,000
LTSP	\$3,500,000	\$1,000,000
Southern	\$4,725,276	\$3,000,000
PLTS	\$8,200,000	\$6,600,000
Trinity	\$1,200,000	\$100,000
Wartburg	\$2,000,000	\$1,000,000
Luther	\$10,000,000	\$8,000,000
Total	\$50,875,276	\$35,186,000
Total (excluding embedded)	\$37,950,000	\$25,586,000

Fall 2014 Estimated Deferred Maintenance	All	Excluding embedded
Average High per Student	\$44,745	\$36,667
Average Low per Student	\$30,946	\$24,721
Peer Average Deferred Maintenance Expense per Student	\$18,419	\$18,419

Estimated Change in Deferred Maintenance with Sale of Physical Assets (Including Embedded)			
	Percent	ATS Amount	Decrease
Decrease in deferred maintenance (High)	-59%	\$20,942,403	\$29,932,873
Decrease in deferred maintenance (Low)	-40%	\$20,942,403	\$14,243,597
Deferred maintenance to get per FTE in line with ATS		\$20,942,403	

Estimated Change in Deferred Maintenance with Sale of Physical Assets (Excluding Embedded)			
	Percent	ATS Amount	Decrease
Decrease in deferred maintenance (High)	-50%	\$19,063,665	\$18,886,335
Decrease in deferred maintenance (Low)	-25%	\$19,063,665	\$ 6,522,335
Deferred maintenance to get per FTE in line with ATS		\$19,063,665	

## Appendix E: Physical Capacity & Available Assets Detail

Seminaries	Approximate Current Square Footage	Percent of Available Capacity Used (During Core Hours):	Percent of Available Capacity Used (After Core Hours):	Unused Square Feet - Core Hours	Unused Square Feet - After Hours	TOTAL Potential Rental Income - Core Hours	TOTAL Potential Sale Revenue - Core Hours
Gettysburg							
Classroom space	18,206	19%	5%	14,707	17,296	\$ -	\$ -
Student Housing	71,969	96%	60%	3,023	28,788	\$57,900	\$232,000
Faculty Housing	15,076	100%	100%	-	-	\$ -	\$ -
Other	79,122	100%	50%	-	39,561	\$ -	\$ -
<b>Total</b>	<b>184,373</b>			<b>17,730</b>	<b>85,644</b>	<b>\$57,900</b>	<b>\$232,000</b>
Chicago							
Classroom space	5,200	75%	25%	1,300	3,900	\$25,350	\$325,000
Housing	122,881	88%	98%	15,237	3,072	\$59,904	\$768,000
Other	62,200	86%	91%	10,800	5,400	\$105,300	\$1,350,000
<b>Total</b>	<b>190,281</b>			<b>27,337</b>	<b>12,372</b>	<b>\$190,554</b>	<b>\$2,443,000</b>
Luther							
Classrooms	15,324	25%	13%	11,499	13,356	\$195,477	\$103,488
Housing (dorms & apts.)	48,061	6%	N/A	45,017	45,017	\$765,291	\$405,154

Seminaries	Approximate Current Square Footage	Percent of Available Capacity Used (During Core Hours):	Percent of Available Capacity Used (After Core Hours):	Unused Square Feet - Core Hours	Unused Square Feet - After Hours	TOTAL Potential Rental Income - Core Hours	TOTAL Potential Sale Revenue - Core Hours
Housing (Seminary-owned houses)	33,420	56%	N/A	14,621	14,621	\$248,561	\$131,591
Other (incl. common area in academic buildings)	193,415	92%	N/A	15,537	15,537	\$264,134	\$139,836
Total	290,220			86,674	88,532	\$1,473,464	\$780,069
Pacific							
Classroom space	3,485	50%	10%	1,743	3,137	\$44,120	\$1,402,713
Housing	43,058	75%	75%	10,765	10,765	\$272,557	\$3,530,756
Other	12,397	90%	25%	1,240	9,298	\$ 31,389	\$997,959
Total	58,940			13,747	23,199	\$348,066	5,931,427
Philadelphia							
Classroom space	30,000	30%	30%	21,000	21,000	\$840,000	\$8,400,000
Housing	80,000	70%	70%	24,000	24,000	\$240,000	\$4,440,000
Other	35,000	25%	25%	26,250	26,250	\$472,500	\$7,875,000
Total	145,000			71,250	71,250	\$1,552,500	\$20,715,000

Seminaries	Approximate Current Square Footage	Percent of Available Capacity Used (During Core Hours):	Percent of Available Capacity Used (After Core Hours):	Unused Square Feet - Core Hours	Unused Square Feet - After Hours	TOTAL Potential Rental Income - Core Hours	TOTAL Potential Sale Revenue - Core Hours
Southern							
Classroom space	11,310	71%	65%	3,280	3,959	\$31,487	\$301,751
Housing	97,320	90%	90%	9,732	9,732	\$ 93,427	\$895,344
Other	43,255	70%	10%	12,977	38,930	\$124,574	\$1,193,838
<b>Total</b>	<b>151,885</b>			<b>25,988</b>	<b>52,620</b>	<b>\$249,489</b>	<b>\$2,390,933</b>
Trinity							
Classroom space	34,375	85%	35%	5,156	22,344	\$64,453	\$ -
Housing	87,404	50%	50%	43,702	43,702	\$546,275	\$1,223,656
Other	121,293	97%	10%	3,639	109,164	\$45,485	\$ -
<b>Total</b>	<b>243,072</b>			<b>52,497</b>	<b>175,209</b>	<b>\$656,213</b>	<b>\$1,223,656</b>
Wartburg							
Classroom space	10,000	80%	2%	2,000	9,800	\$ -	\$ -
Housing	87,730	80%	80%	17,546	17,546	\$108,000	\$ -
Other	81,840	90%	2%	8,184	80,203	\$18,000	\$ -
<b>Total</b>	<b>179,570</b>			<b>27,730</b>	<b>107,549</b>	<b>\$126,000</b>	<b>\$ -</b>

## Appendix F: Space Utilization Assumptions

Seminary	Contact/Source	Assumptions - Rental Income	Assumptions - Sale Revenue
Gettysburg	Jenn Byers; John Spangler	Potential monthly rental income was provided for 7 apartment units that were not rented, out of the 110 housing units on campus. Calculated on an annual basis.	Sale value is based on an appraisal for one condo with 3 units. The apartments are part of multiple housing dwellings and therefore cannot be sold.
Chicago	Bob Berridge	LSTC currently rents out space to other NFP institutions at a rate of \$15.95 per square foot. However, other seminaries and higher education institutions are getting \$17-22 per square foot for similar space, so an average of \$19.50 was used in our calculation as a more representative figure of market value.	Sale of property is estimated at \$200-300 per square foot. An average of \$250 was used in our calculation.
Luther	Michael Morrow	Gross rental value (including maintenance and utilities) is about \$16-18 per square foot. An average of \$17 was used in our calculations.  This assumption is based on all underutilized space and does not included a 10% reserve for growth, changing needs, contingencies, etc.	The sale of raw land has a range of \$8-10. An average of \$9 was used in our calculation.  This assumption is based on all underutilized space and does not included a 10% reserve for growth, changing needs, contingencies, etc.
Pacific	Debora Ow; Karen Davis; Thomas Marsh	Estimated per square foot rental value of underutilized space is \$2.11 per month, annualized at \$25.32, based on Kent Mitchell study.	Estimated per square foot sale value for underutilized space is \$805 for main campus (classrooms & administrative), and \$328 for housing.
Philadelphia	John Heidgerd	Rental value rates per square foot are \$18 for office space, \$10 for housing, and \$40 for classrooms.	Sale values per square foot are \$185 for housing, \$300 for office, and \$400 for classrooms.
Southern	Robyn Marren	Square foot monthly rental is \$.80, annualized at \$9.60, is used in our calculation.	Square foot sales value is \$92.

Seminary	Contact/Source	Assumptions - Rental Income	Assumptions - Sale Revenue
Trinity	Ron Benedick	<p>The estimated square foot rental value for housing is \$12.50-20. However, because housing space is integrated with seminary housing and substantial rental to non-seminary students would impact a tax abatement with the city, \$12.50 is used as a conservative estimate in our calculation.</p> <p>Classroom space and other administrative space have no rental value.</p>	Based on "Land for Sale" websites and other offers they have had for property, the sale value of land ranges from \$16 to \$40. An average of \$28 was used in our calculation.
Wartburg	Andy Willenborg	Underutilized dorms/ apartments/housing is approximately 15 units, for an average of \$600 per month, \$108,000 per year. Underutilized other space in the basement is \$1,500 per month, \$18,000 per year.	There is currently no underutilized space that could be sold off separately.



## Appendix G: Summary of Physical Asset Impact Scenarios

	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
<b>Assumption about unused space</b>	Based on space utilization information provided by the free standing seminaries, during core hours. These six seminaries have an estimated 23% of unused space. These calculations represent full utilization through rental or sale of unused physical assets.	Based on space utilization information provided by the free standing seminaries, during core hours. These six seminaries have an estimated 23% of unused space. These calculations represent the rental or sale of 75% of unused physical assets.	Based on space utilization information provided by all the seminaries, during core hours. The seminaries have an estimated 22% of unused space. These calculations represent the rental or sale of 50% of unused physical assets.	Based on space utilization information provided by all the seminaries, during core hours. The seminaries have an estimated 22% of unused space. This excess capacity could be redeployed for any number of joint ventures.	Based on space utilization information provided by all the seminaries, during core hours. The seminaries have an estimated 22% of unused space. These calculations represent full utilization through rental or sale of unused physical assets.
<b>Total Potential Rental Income</b>	\$4,056,631	\$3,042,473	\$2,327,093	<i>Dependent upon joint venture</i>	\$4,654,186
<b>Total Potential Sale of Asset Revenue</b>	\$25,393,725	\$19,045,294	\$16,858,042	N/A	\$33,716,085

## Appendix H: Faculty Compensation Data

### Teaching Faculty Average Compensation, 2014/15, by Rank, ELCA Seminaries (excludes Presidents and Deans)

Rank	FTE Count	Average Salary	Average Housing Value	Average Added Benefits	Average Pension Payments	Average Total Compensation
Assistant	9	\$56,850		\$11,594	\$6,097	\$ 73,252
Associate	35	\$63,729	\$8,520	\$11,754	\$6,687	\$82,715
Professor	48	\$68,561	\$14,036	\$13,492	\$9,351	\$ 94,144
<i>Note: PLTS did not report compensation data.</i>						

### Teaching Faculty Compensation Direct Cost, 2014/15, ELCA Seminaries

Rank	FTE Count	Salary total	Housing total	Added Benefit total	Pension Total	Total Compensation
Assistant	9	\$511,647	\$ -	\$92,749	\$54,872	\$659,268
Associate	35	\$2,230,500	\$42,600	\$387,883	\$234,058	\$2,895,041
Professor	48	\$3,290,928	\$154,400	\$634,129	\$439,475	\$4,518,932
<b>Total</b>	<b>92<sup>33</sup></b>					<b>\$8,073,241</b>
<b>Average per faculty member:</b>						<b>\$87,753</b>

<sup>33</sup> Source: ATS Data. The 92 faculty FTE excludes administrative positions that are given faculty status, as those positions (e.g., President, Library Director, Dean) would have inaccurately skewed the compensation average. The 120 FTE used in Appendix H is reflective of the current faculty FTE in the eight seminaries and includes those administrative positions that teach (e.g., if a 1 FTE seminary President spends 25% of his/her time teaching, we included .25 FTE in the faculty FTE count).

## Appendix I: Faculty Asset Impact Scenarios

Assumptions	A. Central System	B. Limited Central System	C. Regional System	D. Formal Network - Joint Ventures	E. The Current Model
Current Total Faculty FTE	120	120	120	120	120
Potential Reduction/Reallocation in FTE Faculty	50	22	17	4	N/A
Average Compensation per Faculty Member <sup>34</sup>	\$87,753	\$87,753	\$87,753	\$87,753	\$87,753
Total Estimated Savings	\$4,387,631	\$1,930,558	\$1,491,795	\$351,010	N/A

<sup>34</sup> This calculation is based on ATS data on faculty compensation

## Appendix J: Donor Impact Scenarios

Estimated Increase (Decrease) in Annual Giving in Five Years Under Different Models				
Assumptions	A. Central System	B. Limited Central System	C. Regional Systems	
Alumni/ae	(50%)	(15%)	(15%)	
Other Individuals, Foundations, Corporations, and Other	20%	15%	5%	
Religious Organizations	0%	0%	12%	
Projections	A. Central System	B. Limited Central System	C. Regional Systems	Baseline - Average Gifts 2011-2013
Alumni/ae	\$(1,900,937)	\$ (570,281)	\$ (570,281.10)	\$3,801,874
Other Individuals, Foundations, Corporations, and Other	\$4,882,557	\$3,661,918	\$1,220,639.18	\$24,412,784
Religious Organizations	\$ -	\$ -	\$1,354,999.20	\$11,291,660
<b>Net Increase (Decrease)</b>	<b>\$2,981,620</b>	<b>\$3,091,636</b>	<b>\$2,005,357</b>	<b>\$39,506,318</b>
<b>Discussion:</b>				

*Alumni/ae are assumed to dislike merger and possible relocation (A, B, or C). This assumption can be challenged as too pessimistic.*

*Individual-related giving is assumed to rise under each scenario because of greater concentration of fundraising efforts, more efficiency in education, and broader service to the Church.*

*Churchwide giving is assumed to continue to be flat for A, B, and C. Regional systems C assumes greater support from synods.*

# Appendix K: Theological Education Advisory Council

TEAC Members
Jacqueline Bussie Associate Professor and Director, Forum Faith and Life, Concordia College
Kristen Capel Lead Pastor, Easter Lutheran Church
Randall Foster Healthcare Executive, Retired
Andrea Green Assistant Professor of Religious Studies, Georgia Gwinnett College
James Hazelwood Bishop, New England Synod
William “Bill” B. Horne II City Manager, City of Clearwater, Florida
Maren Hulden Skadden Fellow/Staff Attorney, Mid-Minnesota Legal Aid/Minnesota Disability Law Center
Leila Ortiz PhD Candidate (A.B.D.), Lutheran Theological Seminary at Philadelphia Coordinator of the Latino/a Lay School of the ELCA
Paul Pribbenow President, Augsburg College
Sarah Rohde Associate Pastor, Bethlehem Lutheran Church
Robin Steinke, Co-Chair President, Luther Seminary
Sr. Noreen Stevens Assistant to Bishop, St. Paul Area Synod
Nancy Winder Assistant to the Bishop for Candidacy, NW Washington Synod
Herman Yoos, Co-Chair Bishop, South Carolina Synod
Churchwide Organization Staff
Stephen Bouman, Advisor Executive Director, Congregational and Synodical Mission
Wyvetta Bullock, Advisor Assistant to the Presiding Bishop/Executive for Administration, Office of the Presiding Bishop
Liz Eaton, Advisor Presiding Bishop, Office of the Presiding Bishop
Sonia Hayden, Support Executive Administrative Assistant, Office of the Presiding Bishop
Kenn Inskeep, Staff Executive for Research and Evaluation, Office of the Presiding Bishop
Jonathan Strandjord, Staff Program Director, Seminaries, Congregational and Synodical Mission

#### TEAC Members

Gordon Straw, Advisor  
Program Director, Lay Schools, Congregational and Synodical Mission

Greg Villalon, Advisor  
Director, Leadership for Mission/Candidacy, Congregational and Synodical Mission

# Appendix L: ELCA Theological Assessment Steering Committee

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## TEAC Steering Committee Members

Clay Schmit  
Provost, School of Theology, Lenoir-Rhyne University

Craig Koester  
Academic Dean, Luther Seminary

Jim Lakso  
Board Member, Gettysburg Seminary

Jonathan Strandjord, Staff  
Program Director, Seminaries, Congregational and Synodical Mission

Mark Van Scharrel  
Vice President, Advancement, Lutheran School of Theology at Chicago

Marty Stevens  
Associate Professor, Gettysburg Seminary

Michael Morrow  
Vice President of Finance and Administration, Luther Seminary

Stan Olson, Chair  
Former President, Wartburg Theological Seminary

## **Letter from Theological Education Advisory Council (TEAC) Working Group**

Dear Members of the ELCA Church Council,

Grace and peace to you in the name of the Risen Christ!

Responding to Church Council action taken at its November 2015 Church Council meeting, Vice-President Carlos Peña formed a working group to receive feedback from around the ELCA to the [report and recommendations of the Theological Education Advisory Council](#). This working group was charged with inviting and considering this feedback and with crafting specific strategies for implementing the recommendations in the TEAC Report.

The working group included Bishop Elizabeth Eaton, Robin Steinke (co-chair of TEAC), Herman Yoos (co-chair of TEAC), Paul Pribbenow (TEAC member), Randall Foster (TEAC member), Maren Hulden (TEAC and Church Council member), Stephen Herr (Church Council member), Wyvetta Bullock (Churchwide Staff), and Jonathan Strandjord (Churchwide Staff). Kenn Inskeep and Adam DeHoeck from Research and Evaluation provided invaluable assistance in developing and evaluating the surveys used by the group. Work commenced in December 2015 with a first conference call meeting on December 18, 2015. Subsequently, the committee met on January 13, February 11, March 1, March 22, and March 28, 2016. In addition, subgroups assigned to certain tasks met to facilitate their work.

The working group identified seven tasks to receive feedback from around this church with the goal of receiving it by the end of February. The results of the feedback from leaders and constituencies prepared the way for drafting of specific implementing strategies related to TEAC's recommendations. Bishop Yoos engaged the Conference of Bishops inviting their input on TEAC Recommendation 1D (Continuing Education). Paul, Robin and Jonathan attended the Western Mission Network Consultation in January and Covenant Cluster Network Consultation in March where they engaged network partners from seminaries, colleges, synod lay schools, outdoor ministries and youth and young adult ministries. They invited them to consider what they see as most important in TEAC's Report and Recommendations and asked them to consider what actions they themselves could take to implement TEAC's recommendations. In particular, they received from these network partners feedback relating to TEAC Recommendation 1A (Advisory Committee), TEAC Recommendation 1D (asset mapping), and explored their thoughts on how the various components might be more thoroughly "church together" in the work pointed to in TEAC Recommendations 2A, 2B, 2C and 2D and 3B.

The working group invited the presidents of ELCA colleges and universities gathered at the Lutheran Educational Conference of North America meeting to share their views concerning what roles they believe their schools can and should commit to playing in the theological education network envisioned by TEAC. Participants in the Youth Extravaganza provided input concerning what roles they are already performing in the efforts called for in TEAC Recommendation 2A (vocational discernment) and how this work can be advanced. Outdoor Ministry and Campus Ministry leaders (both adults and youth/young adults) as well as the Youth Ministry Network were invited to respond. Bishop Eaton sought the wisdom from leaders of large membership congregations, especially concerning TEAC Recommendations 1B, 2A, 2B, 2C and 2D. The responses from these groups are found in the document titled, [TEAC Feedback](#).

Synod vice-presidents were surveyed concerning TEAC Recommendation 1B (staffing and resourcing), TEAC Recommendations 2A (discernment) and 2C (lay training). In addition, Research and Evaluation conducted a survey of rostered leaders in order to measure their support of the full set of TEAC recommendations and to invite their comments. All 17,000 plus rostered leaders with known email



addresses received this survey with the aim both to gather input from these leaders and to foster their participation in strengthening this church's work in theological education. Summaries of both of these surveys can be found in the document titled, [TEAC Surveys](#).

In addition, the working group discussed with Vicki Garber and Clarence Smith, Budget and Finance chair and vice chair respectively, and Treasurer Linda Norman about potential implications of TEAC on the next triennial budget. Linda provided a helpful analysis of how the current budget supports TEAC priority areas as well as background information on the current seminary funding formulas. The background on that discussion can be found in the [Budget and Finance committee materials](#).

Finally, the working group very recently received a significant new report from Research and Evaluation on the results of a long-term investigation of issues related to the [Supply of and Demand for Clergy](#) serving in ELCA congregations. This is the most comprehensive and rigorous analysis of this to date. While its findings (that we do have a shortage of congregational pastors--and it's growing) are troubling, this report is very helpful in providing a clear picture not only of the present situation but also what we can expect in the next several years. It should both spark and resource important conversations across the ELCA on discernment as well as for the identification, preparation and support of leaders.

The working group was particularly impressed by several things as it reviewed all of this input. First of all, with few exceptions, leaders across the ELCA believe that the questions TEAC was tasked with exploring are very important. They are glad that close attention is being paid to the ELCA's work in theological education and they appreciate being invited into the conversation. Second, there is very broad appreciation for the four-page theological framework that opens the [TEAC Report and Recommendations](#) presented to the Church Council last November. It struck a chord with many who reported that they "heard a call" in it. Third, while none of TEAC's recommendations found support from every person who responded to an invitation to give input to the working group, all of the recommendations had many more supporters than opponents. As measured in the "Frequencies Report" for the rostered leaders survey, four of them—TEAC Recommendations 1C, 2C, 2D, and 3C—had very high levels of support and no recommendation had less than 72 percent of respondents indicating they support it.

The working group did hear from some who think that what is urgently needed is a complete focus on improving the efficiency of theological education by reducing expenditures. At the same time, the group heard from others who took the opposite view, believing that looking for efficiencies is a distraction from the task of expanding the reach of theological education. But the most common view expressed has been that we need both to steward our resources carefully and to expand the reach of our work in theological education. Similarly, most who want the partners in our theological education network to work together more closely also want to avoid a standardization that squeezes out variety and gets in the way of new experiments.

The [implementing strategies](#) recommended by the TEAC working group are the group's attempt to identify a set of initial concrete steps that can move the ELCA's theological education network toward being both more far-reaching and more sustainable, both more connected and more flexible. The working group recognizes that it is unlikely that all of these strategies will prove productive and that further strategies will emerge along the way. As the working group, we commend these implementing strategies to the Church Council as measures with good potential to strengthen and renew the ELCA in its calling to the ministry of theological education.

Soli Deo Gloria,

Theological Education Advisory Council Working Group