Miller & Scharen 2015 Paying for seminary

M.Div.'s in debt

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Over the past decade, seminaries of all types have witnessed declining enrollments, especially in M.Div.

programs, the primary degree for those heading into parish ministry. Minority enrollment has shown a steady increase, with Hispanic enrollment leading the way (at a growth rate of 50 percent), but the overall trend is down. The slight growth in advanced degree programs (S.T.D., Ph.D., and Th.D.) and some master's degree programs has also not compensated for the steady decline in enrollment for the M.Div. degree.

Distance education courses grew more than 100 percent over the decade, but enrollment at seminary extension centers began to decrease. It may be that distance education is pulling students away from extension centers. Time will tell if there is any net gain.

The past decade was difficult financially for most theological schools. Church support declined 24 percent from its high in 2006. Individual gifts grew steadily until 2008 but dropped sharply when the recession hit.

One way that schools compensate for this loss of income is to become more dependent on student tuition, and indeed tuition and fees rose steadily over the decade—by as much as 68 percent, compared to a 27 percent increase in the Consumer Price Index and a 38 percent increase in the Higher Education Price Index.

Tuition at theological schools remains relatively low compared to other graduate professional degree programs, but this is small comfort for the majority of students who go into debt while they are in seminary.

Ballooning student debt is troubling not only for graduates but also for the schools that train them, as well as for the churches and other faith-based institutions that depend on their leadership. Rising theological student debt is mirrored in other programs for graduate professional education, yet it has particular gravity in theological schools, where students' sense of a divine call is paired with relatively low earning potential.

Auburn's Center for the Study of Theological Education has been tracking theological student debt for 20 years, and data from the last decade bring some good news. Although average student debt at graduation is now close to $40,000 and 12 percent of students borrow in excess of $60,000, the rate of increase has slowed dramatically in the past decade. When adjusted for inflation, educational debt for M.Div. students who borrowed increased over $13,000 between 1991 and 2001. In the following decade the increase was cut almost in half, to around $7,000. The percentage of M.Div. students who borrowed remained the same, at 64 percent.

Some theological students are more apt to borrow than others, and some are apt to borrow significantly more money than others. Single students borrow more than married students (they don't have a second income to support them); women borrow more than men (partly because they are more likely to be single); single parents (who are likely to be women) borrow more as well; and African-American and Hispanic students borrow more than other students.

The highest levels of student debt are often held by older African-American females. Some of these women talk of thwarted dreams of ministry because educational debt has forced them into other careers.

Theological schools face a dilemma. Because of their reliance on tuition dollars, most schools are loath to turn away students, even if students have to fund their education by taking on significant debt. But if debt prevents students from following their call to ministry and using the knowledge and experience they have gained in seminary, then theological schools will have failed to fulfill their mission.

Most schools now provide students with a wide array of online and interactive tools to assist them with budgeting and financial management, and some have developed new initiatives to help students minimize debt. These efforts seem to be paying off.

Gordon-Conwell Theological Seminary has developed a program providing students with stewardship education, fund-raising experience, and a full tuition scholarship. Participating students are required to have a sponsoring church and to raise a minimum amount of money through donor pledges. Louisville Seminary has pledged to provide full tuition scholarships to all its master's degree students by the fall of 2015. Several Lutheran seminaries now provide financial coaches for students to help them with budgeting and with managing congregational finances and stewardship.

Recognizing the pernicious effects of educational debt on those in ministry, Lilly Endowment has initiated a grant program to help schools address this issue. To date, the program is reaching 67 theological schools representing 27 denominations.

A school determined to minimize the debt of its students may need to make difficult decisions to spend less, find other revenues, or revamp programs to make it easier for students to work while studying. Schools that are already financially stable are better able to address these challenges.

Over the past decade, a few schools strengthened their net assets by 40 percent or more. These efforts had some common elements: the schools refused to operate on a deficit; they nurtured teamwork between board, administration, students, faculty, and staff; they built effective donor relationships; and they had vital strategic plans.