

**Stewards of Abundance:  
Extent, Causes, and Consequences of Seminarian Debt and Efforts to Reduce It**

Adam DeHoek

Lilly Grant Researcher

Research and Evaluation, Office of the Presiding Bishop

Evangelical Lutheran Church in America

January 31, 2014

Grant # 2009 0513-000

*The Gathering Storm* (Ruger, Miller & Maphis Early, 2005), a study<sup>1</sup> of the Auburn Center for the Study of Theological Education, compared seminary graduate data from 1991 and 2001. The study found the percentage of seminary students borrowing to finance their education as well as the amount borrowed had increased significantly. These findings were widely publicized and produced considerable concern in many denominations including the Evangelical Lutheran Church in America (ELCA) about the issue of educational debt and its implications for both the long-term financial wellness of pastors and the quality of congregational ministry.

Behind the Auburn Center's work on this topic was anecdotal evidence from denominational leaders and heads of theological schools suggesting that educational debt was growing quickly and significantly. These leaders reported that students' debt was so heavy that students were choosing assignments based on financial criteria.

This was a paradigm shift. Stories from the past suggested seminarians paid considerably lower tuition and living costs (even when adjusting for inflation), and considerably less concern with financial matters. When graduation came, it was not uncommon for students to graduate debt-free.

Although the anecdotal evidence presented to the Auburn Center seemed to suggest the sky was falling, at the time of publication of *Manna from Heaven* (Ruger & Wheeler, 1995)<sup>2</sup>, educational debt among seminary students was not as prevalent as the anecdotal evidence suggested. Although educational debt levels had risen steeply in the years leading up to the study, the data still suggested that debt was

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Adam DeHoek, Lilly Grant Researcher, Research and Evaluation, Office of the Presiding Bishop, Evangelical Lutheran Church in America served as the primary author for the research report. Extensive contributions to this report were made by Kenneth Inskeep and Victoria Flood, Research and Evaluation, Office of the Presiding Bishop, Evangelical Lutheran Church in America. This research was supported in part by a generous grant from the Lilly Endowment.

<sup>1</sup> Ruger, A., Miller, S.L., & Maphis Early, K. (2005). *The Gathering Storm: The Educational Debt of Theological Students*. Auburn Theological Seminary: New York, NY.

<sup>2</sup> Ruger, A. & Wheeler, B.G. (1995). *Manna from heaven? Theological and rabbinical student debt*. Auburn Theological Seminary: New York, NY.

not a large issue. In 1991, less than half of seminary graduates carried theological education debt; the average debt among all graduates at \$5,267 and at \$11,043 for all borrowers.

Ten years later, Ruger, et al., (2005) reported that the percentage of seminarians with educational debt had increased along with the average amount of debt graduates carried. Among 2001 graduates, 63 percent carried educational debt, up from 47 percent in 1991. Additionally, the average debt per graduate had increased from \$5,267 in 1991 (or \$6,893 in 2001 dollars) to \$15,599 in 2001, suggesting that the amount of debt more than doubled over the decade. Specifically, among borrowers, in 1991, the average debt was \$11,043 (or \$14,453 in 2001 dollars) which increased to \$25,018 in 2001.

These increases produced a host of concerns for theological schools and denominations, including the difficulty of repayment which graduates might face, the potential stress that carrying a large amount of educational debt may produce, and the possibility that a high level of debt might directly impact a graduate's persistence or longevity in ministry. The Auburn Center posited that a higher number of theological school graduates were reporting their level of debt was affecting their career choices, holding them back from purchasing homes, preventing them from saving for their children's education, limiting their retirement savings, causing them to delay health care needs and creating stress in their personal and professional lives.

It was with these concerns in mind, both over the level of educational debt graduates faced as well as the impact this debt may be having on the ministry of its graduates that the ELCA began its study of seminarian debt.

## Extent of Educational Debt

Although credit card debt and other consumer debt play an important and potentially harmful role in seminarians' overall debt (indeed, there are many anecdotes of students entering seminary with large amounts of credit card debt, or running up credit card debt after taking on educational loans), this type of debt has not been tracked by seminary administrations and is outside the purview of this report<sup>3</sup>. Therefore, the work of this report focuses only on educational debt.

### Overall Educational Debt

Working with the eight seminaries of the ELCA, educational debt audits were conducted in 2009, 2012 and 2013. Graduate debt information was also collected on the 2006 and 2011<sup>4</sup> classes. These audits tracked the amount of undergraduate debt, graduate debt not related to theological education, as well as debt related to seminary education. The audits showed that the percentage of graduates from ELCA Master of Divinity (M.Div.) programs carrying educational debt (either undergraduate, theological or both) has remained relatively constant around 80 percent. These audits corroborated evidence collected through surveys of seminary students.

Pastors from the 2006 graduating class of M.Div. students at ELCA seminaries were asked about their educational debt and its impact on issues related to a pastor's career progression and the stressors associated with a career as a pastor in the Pastors' Impact Survey fielded in the Fall of 2011. This graduating class was chosen because they were close enough to their graduation date to remember the details of seminary life, but far enough removed from seminary to have experience as a pastor.

The majority (80%) of pastors who responded indicated they used educational loans to pay for their seminary education and living expenses during seminary<sup>5</sup>. Additionally, in a survey of seminary students fielded in the Spring of 2013 regarding financial education and financial wellness<sup>6</sup>, 20 percent of respondents reported they anticipated leaving seminary without educational debt; this percentage was comparable to similar surveys fielded in 2011 and 2012<sup>7</sup> (17% in both years).

Even though the percentage of graduates leaving seminary with educational debt has remained steady, the average debt per graduate over the same period of time has not. Average educational debt per graduate increased steadily from our baseline measurement of \$31,652 in 2006 to \$39,854 in 2011. This figure decreased in 2012 to \$36,339, before increasing in 2013 to \$41,245. When adjusting for inflation, average debt per graduate was highest in 2011 and had increased 13 percent since 2006<sup>8</sup>.

When considering only those graduates with loans from either their undergraduate or their seminary education, as opposed to all graduates, educational debt increased 25 percent between 2006 and 2013,

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<sup>3</sup> Debt appears to be an increasingly important and discussed issue for the ELCA's synodically-based candidacy committees. In addition to educational debt, these committees may take consumer debt into account as a factor in their decision to recommend or approve a candidate for ministry in the ELCA.

<sup>4</sup> The information from the 2011 graduating class was collected by the Auburn Center and provided to the ELCA.

<sup>5</sup> This finding is consistent with debt information collected from the 2006 graduating class. *Stewards of Abundance: Comparison of 2006, 2009, 2011, 2012 and 2013 Graduate Debt and Aid Numbers*.

<sup>6</sup> Financial Education and Wellness Questionnaire, 2013

<sup>7</sup> Financial Education Survey, 2011; Financial Education Survey, 2012

<sup>8</sup> All figures were converted to 2013 levels and then compared.

from \$39,413 to \$49,219. When adjusted for inflation, the increase from 2006 to 2011 was 9 percent; between 2011 and 2013, there was a 1 percent decrease.

**Table 1. Average Educational<sup>9</sup> Indebtedness Incurred by ELCA Master of Divinity Graduates**

	Percent with education debt	All Graduates		Borrowers only	
		Average	N	Average	N
2006	80%	\$31,652	259	\$39,413	207
2009	80%	\$36,025	262	\$44,988	210
2011	83%	\$39,854	272	\$47,898	226
2012	77%	\$36,339	248	\$47,184	191
2013	84%	\$41,245	179	\$49,219	150

### Undergraduate Debt

The increase in educational debt is due in part to a greater percentage of students entering seminary with undergraduate educational debt, as well as the increasing amount of undergraduate debt that each borrower carries on average into seminary.

Ruger and Wheeler (1995) found one-third of 1991 graduates from theological and rabbinical schools carried undergraduate debt and the average amount graduates carried was \$1,978 (including those who did not carry any). Furthermore, this study found that borrowing as an undergraduate was predictive of borrowing in theological school. Eighty-eight percent of students who had borrowed during their undergraduate years also borrowed to finance their theological education.

Ruger and his colleagues (2005) showed that there was a marked increase in the amount of undergraduate debt being carried by seminary graduates. Similar to overall educational debt, the amount of undergraduate debt carried per seminary graduate more than doubled over a ten-year period (1991-2001) from \$1,978 (\$2,589 in 2001 dollars) to \$6,328 in 2001.

Similar increases were seen when looking only at the students who borrowed. Among borrowers in 1991, the average undergraduate debt was \$6,006 (\$7,810 when adjusted for inflation to 2001), and in 2001, the average was \$13,584. It is important to note that at the time of the 2005 report, these figures were lower than the national average for undergraduate students (\$18,900).

As it pertained to the relationship between borrowing for undergraduate work and in theological school, Ruger et. al, (2005) found similar results to Ruger and Wheeler (1995). Many students who borrowed to finance their undergraduate education also borrowed to finance their theological education. However, these students did not borrow more for theological education than those who did not carry undergraduate debt.

Stewards of Abundance intended to further investigate the trends in undergraduate educational debt among ELCA graduates. Debt data from the graduating classes of 2006, 2009, 2011, 2012, and 2013 showed an increase in the percentage of graduates carrying undergraduate debt from a low of 34

<sup>9</sup> Undergraduate or theological education debt

percent in 2006 to 47 percent in 2011. The percent dropped to 42 percent in 2012, but returned to 47 percent in 2013.

The average amount of undergraduate debt has also increased, both per graduate and per borrower. Since 2006, average undergraduate debt per ELCA M. Div. graduate was highest in 2013 at \$8,568, and has increased 81 percent since 2006. When controlling for inflation, this still represents an increase of over 50 percent in the level of undergraduate debt that seminary graduates are carrying on average<sup>10</sup>.

When examining only those who borrowed for their undergraduate education, the average amount of debt increased 28 percent from 2006 to 2013 (from \$14,113 to \$18,042), when it was highest. Although the percentage increase is substantial when calculated using raw dollars, when controlling for inflation, the trend was slightly less steep (22%). Graduates from the 2012 class carried less undergraduate debt, but this appears to be an aberration in the upward trend.

The issue with undergraduate debt is not only about the average amount per borrower, but also that a growing percentage of graduates are borrowing to finance their undergraduate education. Although the 2012 figures showed decreases in both the percentage of students borrowing as undergraduates as well as the average amount each graduate is borrowing, both of which were encouraging, the figures from the 2013 graduates much more closely followed the establishing upward trend.

**Table 2. Average Undergraduate Educational Indebtedness Incurred by ELCA Master of Divinity Graduates**

	All Graduates			Borrowers	
	Percent with undergraduate debt	Average	N	Average	N
2006	34%	\$4,741	259	\$14,113	88
2009	45%	\$6,727	262	\$15,006	118
2011	47%	\$7,753	272	\$16,381	128
2012	42%	\$5,950	248	\$14,327	104
2013	47%	\$8,568	179	\$18,042	85

Although their actual debt data will not be available until after their graduation, respondents to a Fall 2012 survey of first-year ELCA M.Div. students<sup>11</sup> provided some insight into the trends in undergraduate borrowing. According to the First-Year Student Survey, 53 percent of respondents were carrying undergraduate debt<sup>12</sup>. This figure is higher than previous debt audits and may indicate another uptick in undergraduate borrowing.

One factor influencing both the likelihood one will carry undergraduate debt as well as the amount of undergraduate debt is whether or not being a pastor is the student's first career. Respondents to the

<sup>10</sup> The average undergraduate debt for 2006 graduates adjusted for inflation was \$5,500, an increase of 55 percent.

<sup>11</sup> First-Year Student Survey

<sup>12</sup> Respondents to a Financial Education and Wellness survey, fielded in Spring 2013, provided similar answers. Fifty-one percent of these respondents reported carrying undergraduate debt. The numbers were similar on surveys fielded in the Spring of 2011 and the Spring of 2012 (50% and 47%, respectively).

Financial Education and Wellness Survey for whom ordained ministry was their first career were considerably more likely to carry undergraduate debt than those in a subsequent career. Sixty-eight percent of those in their first career reported they carried undergraduate debt, compared to 40 percent of respondents in their subsequent career. Additionally, 20 percent of respondents said they carried undergraduate debt of \$25,000 or more. This percentage was higher among respondents in their first career (27%), compared to those in a subsequent career (15%).

This finding was driven, at least in part, by respondents' age. Sixty-five percent of respondents to the First-Year Student Survey who were under 30 reported they were currently carrying undergraduate debt compared to 33 percent of those 30 and over. Additionally, of the respondents under 30 with undergraduate debt, 52 percent carried \$20,000 or more in debt, compared to 36 percent of borrowers 30 or over.

Ruger and Wheeler (1995) also found younger students entered seminary with more undergraduate debt than older students. This was not surprising as younger students are closer to their undergraduate years and have not had as much time to pay down their loans as older students. However, although age may impact the amount of debt that students carry with them into seminary, it did not affect the likelihood or the amount of borrowing while in seminary.

Evidence from debt audits also provided support for the hypothesis that younger students carried more undergraduate debt. These audits have consistently shown a marked difference of at least 20 points between the percentages of students carrying undergraduate debt when comparing those under age 30 and those 30 or above<sup>13</sup>.

#### Theological School Debt

Changes in undergraduate debt were not the only drivers of the increase in overall educational debt among seminary graduates. Ruger and Wheeler (1995) found that 47 percent of 1991 M.Div. graduates carried theological debt. The average amount these graduates carried was \$5,267, which included all graduates and not only those who borrowed. By 2001 (Ruger et al., 2005), 63 percent of M.Div. graduates had taken out educational loans to finance seminary, and the average amount of debt per graduate had risen from \$5,267 (\$6,893 in 2001 dollars) to \$15,599. After controlling for inflation, this represents an increase of 126 percent.

If the focus is placed on borrowers, instead of on all graduates, the increase is somewhat less steep. Borrowers in 1991 averaged \$11,043 (\$14,453 in 2001 dollars) in educational debt from theological school, compared to \$25,018 in 2001. This represents an increase of 73 percent.

Stewards of Abundance examined the trends in theological education debt among ELCA graduates, using the debt audits mentioned previously. Whereas the percentage of seminary graduates carrying undergraduate debt varied somewhat from year to year, the percent of each graduating class with

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<sup>13</sup> In 2006, 52 percent of those under 30 carried undergraduate debt, compared to 24 percent of those 30 and above. In 2009, the percentages were 61 percent and 28 percent, respectively. In the 2011, the percentages were 61 percent and 40 percent. In 2012, the percentages were 53 percent and 33 percent. In 2013, the percentages were 62 percent and 38 percent.

theological education debt was nearly flat. Between 2006 and 2013, the percentages ranged from 75 percent to 79 percent, lowest in 2012 and highest in 2013.

Although the percentage of graduates with theological education debt remained nearly unchanged, this was not the case with the average amount of debt carried per graduate. Since 2006, this figure was highest in 2013 at \$32,677 and had increased 21 percent from 2006. When controlling for inflation, the percentage increase was 5 percent from 2006 to 2013, but average debt per graduate actually decreased 2 percent from 2011 to 2013 (from \$33,245 to \$32,677 in 2013 dollars).

When looking at only those who have borrowed during theological school, the pattern was similar to that of all graduates. Between 2006 and 2011, average debt per borrower increased 22 percent (9 percent when controlling for inflation). Average debt per borrower then decreased 1 percent between 2011 and 2013 (or 5 percent when controlling for inflation). These figures suggest that, in reality, unlike undergraduate debt, the average amount of theological debt incurred per borrower has not changed significantly since 2006.

**Table 3. Average Theological Educational Indebtedness Incurred by ELCA Master of Divinity Graduates**

	All Graduates			Borrowers	
	Percent with undergraduate debt	Average	N	Average	N
2006	78%	\$26,911	259	\$34,335	203
2009	77%	\$29,298	262	\$38,043	201
2011	77%	\$32,101	272	\$41,934	202
2012	75%	\$30,389	248	\$40,302	187
2013	79%	\$32,677	179	\$41,484	141

Unlike with undergraduate debt, the differences between students in their first and subsequent careers were significantly reduced or even eliminated when considering debt related to theological education. Findings from the Financial Education and Wellness Survey suggested that the percentage of respondents who anticipate leaving seminary without theological education debt was relatively similar among respondents in their first career and those in subsequent careers (19%, compared to 21%, respectively). Alternatively, for those on the opposite end of the borrowing spectrum, nearly half of respondents anticipate leaving seminary with educational debt of \$25,000 or more; the percentages were similar when comparing respondents in their first and subsequent careers (43% and 48%, respectively).

#### Planned Borrowing in Seminary

The First-Year Student Survey found that 70 percent of respondents plan to borrow educational loans at some point during seminary. This percentage was somewhat lower than the roughly 80 percent of seminary graduates who have actually borrowed in recent years. Although this finding could signify a change toward lower borrowing, it is also possible some of the 27 percent of respondents who do not plan to borrow will end up borrowing at some point during seminary.

Of respondents who planned to borrow at least once in seminary:

- 80% have borrowed or plan to borrow in their junior/first year
- 87% plan to borrow in their middler/second year
- 55% plan to borrow in their intern/third year<sup>14</sup>
- 89% plan to borrow in their senior/fourth year

The amounts respondents planned to borrow varied considerably by academic year. During intern year, “not borrowing” was the most common option selected. In the three non-intern years, the most common plan among respondents (32%) was to borrow less than \$5,000 in each year. This is a relatively low annual amount. At the other end of the spectrum, 19 percent of students reported intending to borrow at least \$10,000 in each of the three non-intern years.

#### Methods for Financing Seminary

Respondents to the Financial Education and Wellness Survey reported financing their theological education in a number of different ways, though, among all respondents, the most common way was through educational loans upon which more than two-thirds of respondents indicated that they relied. The percentage of students relying on educational loans remained unchanged from 2011 to 2013.

The percentage of students relying on educational loans to finance their seminary education was somewhat less than would be expected based on debt audits<sup>15</sup>. Even when examining only fourth and fifth year students, who would likely have a better idea of their total borrowing in seminary given their proximity to graduation, the percentage of respondents reporting they would use loans to finance theological education increased only slightly to 70 percent. It is possible this indicates a decrease in the percentage of students taking educational loans, though future debt audits will provide stronger information about this trend.

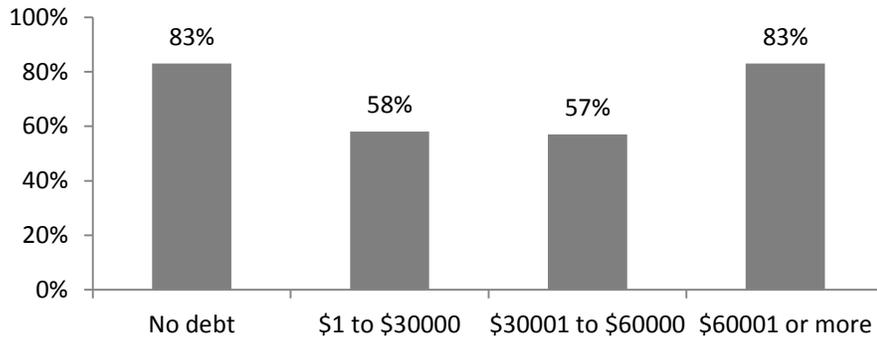
Information on the financing of seminary was also collected from recent seminary graduates. Two-thirds of those who responded to the Pastors’ Impact Survey reported while they were in seminary, their spouse/partner worked to help pay regular bills. However, spousal/partner support does not seem to have a clear relationship to a pastor’s amount of educational debt at graduation (See Figure 1). Those with more than \$60,000 in educational debt were as likely as those with no debt to report their spouse/partner worked to help pay bills (83%). These findings on the sources of financing mirrored those seen among married/partnered respondents to the Financial Education Survey (2011) and the Financial Education and Wellness Survey. For these respondents, the most common source of financing seminary and living expenses during seminary was a spouse/partner’s income (77% in 2011 and 79% in 2013).

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<sup>14</sup> This percentage is impacted by eligibility to borrow. Some seminaries allow borrowing during a student’s intern year, though others do not.

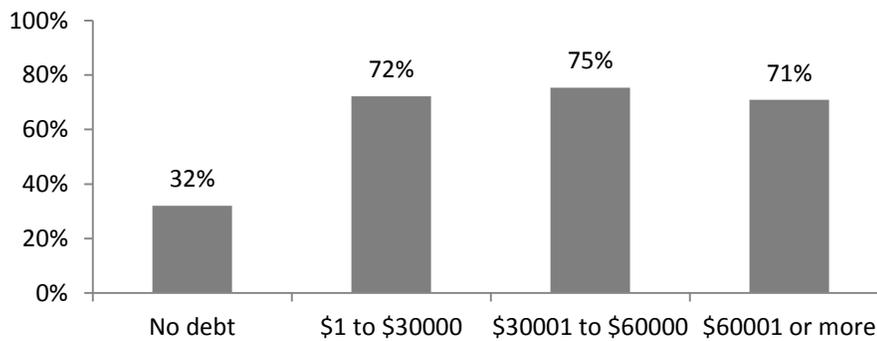
<sup>15</sup> Debt audits of the 2006, 2009, 2011, 2012 and 2013 graduating classes suggest that 75 percent to 79 percent of graduates left seminary with theological education debt.

**Figure 1. Percent of pastors whose spouse/partner's income helped to pay for tuition and other expenses during seminary by level of educational debt**



Pastors responding to the Pastors' Impact Survey were also likely to report that they held a part-time job during seminary (67%). Over 70 percent of pastors who carried educational debt in seminary relied on a part-time job, a considerably higher percentage than those who graduated without educational debt (32%) (See Figure 2).

**Figure 2. Percent of pastors who held a part-time job during seminary by level of educational debt**



## Causes of Educational Debt

### Increasing Tuition and Living Costs

One of the foremost reasons for the increase in educational debt among theological students is the increase in the cost of theological education. Ruger and his colleagues (2005) found that, across the board, tuition in M.Div. programs increased 74 percent from 1991 to 2001, from an average of \$4,968 to \$8,627. The rate of inflation was 30 percent over the same period. At the same time, scholarship and grant aid remained relatively flat. This means students in 2001 were paying 25 to 50 percent more in actual tuition compared to students in 1991. More recent numbers from the ELCA indicate tuition has continued to increase, although the rate has slowed somewhat. From 2006 to 2011, net tuition per FTE student increased from \$4,538 to \$5,683, an increase of 25 percent. When controlled for inflation, the increase was 12 percent.

Furthermore, Ruger and his colleagues (2005) posited that in addition to the cost of theological education increasing, students must now bear a greater responsibility for funding their tuition. Whereas tuition costs used to be covered by large, generous grants from parishioners or through greater support from church denominations (Ruger, et al., 2005), these channels have been largely reduced at present.

In addition to increased tuition and increased student responsibility, Ruger (et al., 2005) suggested borrowing had increased due to living costs for students attending seminary. Additionally, they suggested that because the student body used to be comprised mostly of single young men, they could be accommodated more easily in large “no-frills” dormitories. Although it is possible that some students today do not live as frugally as students in the past, many do. Also, it cannot be ignored that today’s students are generally older and past the time in their lives when they would consider living in a dormitory setting. Further, given that considerably more students have families, there is a greater need for more space and independent living. Finally, many students have had to deal with the increasing costs of health insurance, not only for themselves but for their families.

### Changes in Availability of Low-Interest Educational Loans

Changes made to the amount of educational loans available to seminary students at the beginning of the 2012-13 academic year could impact borrowing. Until the 2012-13 academic year, students could borrow subsidized educational loans in an amount up to \$8,500 per year. Beyond that amount, all loans became unsubsidized<sup>16</sup>.

Some students shared that they borrowed subsidized educational loans, particularly in the final year of their availability, even though they did not immediately need the funds, but because the interest rates were low and would not begin accruing until after the student graduated. It is possible that these actions increased the amount of educational loans incurred in that year.

The move to all unsubsidized loans may have a beneficial impact on the borrowing of seminary students. Because all of the loans that students borrow will begin accruing interest immediately, students may

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<sup>16</sup> The interest on subsidized loans is paid by the Federal Government while a student is enrolled full-time. Thus, interest does not begin to accrue to the student until 6 months after leaving a program. The interest on unsubsidized loans begins accruing as soon as the loans are disbursed.

more critically assess their expenses before borrowing. If they do borrow, it will be more expensive. Students with unsubsidized loans pay higher monthly amounts and/or pay over a longer term than those with subsidized loans.

#### School of Choice

Ruger, et al. (2005) suggested that the seminary or divinity school chosen by a student could go far in determining the amount of educational debt students would incur. This study did not isolate specific aspects of schools which would increase cost or the likelihood of a student taking on educational debt, but suggested instead that the financial aid practices of schools were not a significant driver, nor was the tuition itself; however, the study did suggest some schools where students have higher debt levels showed accelerated increases in student debt between 1991 and 2001 compared to seminaries whose students had lower levels of educational debt.

In the ELCA, some seminaries traditionally graduate students with lower debt and others have a history of graduating students with greater debt. Additionally, the amount of change between 2006 and 2013 was different among ELCA seminaries. Five seminaries have shown increases in the average educational debt carried by their graduates while the figure has decreased at one seminary and stayed the same at two seminaries. Overall, average educational debt increased 30 percent between 2006 and 2013.

During this period, some seminaries have experienced changes in Financial Aid personnel, which may have impacted the borrowing patterns of their students to a certain degree. Further study is needed to more fully understand the differences between the schools.

These findings suggest something distinctive about seminaries which impacts the amount of debt students accumulate. Although Ruger, et al. (2005) did not find a statistically significant relationship, tuition and living expenses may well have a practical impact. Additionally, anecdotal evidence suggests that the financial aid practices do make a difference. In at least one ELCA seminary greater steps are taken (e.g., financial education and budgeting advice) before financial aid is disbursed. Due to these steps, it is possible some students who would have borrowed are discouraged from doing so. Graduates from this seminary have consistently shown lower levels of average educational debt.

#### Congregational Knowledge about the Financial Situation of Seminarians

In their 1995 report, Ruger and Wheeler began to explore the question, “Who should pay for theological education?” The authors suggested the predominant view in the United States reflects the belief that higher education is personally beneficial and as a result the students should be responsible for the costs. This line of thinking may be appropriate for those who enter lucrative occupations without obvious community benefit.

For the church, however, this argument makes less sense. The work of pastors, much like school teachers or medical professionals serves the interests of the community, so the responsibility for the cost of training pastors should also be shared by the community (particularly for those students with limited financial resources). Paul Wadell (1993; cited in Ruger and Wheeler, 1995), in his paper *The Educational Debt of Theological and Rabbinical Students: An Ethical Reflection*, argued the material wealth we possess is social and should be shared as a sign of God’s unlimited grace. Judith E. Smith (1994; cited in Ruger and Wheeler, 1995), in her paper *Reducing Student Indebtedness: Whose*

*Responsibility is It?* supports the belief that the church should bear some responsibility for seminary students' educational debt because a community—the congregation—will receive well-trained pastors when the education process is complete.

Like most students, pastors invest significantly in their own education and they deserve a salary at least somewhat commensurate with their investment. But clergy salaries are typically low. Some hold it is not the costs for the education which are the problem, but the level of compensation in the occupation. If salaries were higher, pastors would have no trouble managing their own educational debt. Advocates of this position suggest that students should pay a significant portion of the cost of theological education, but that they should also be compensated at levels which make it possible for them to repay what they have borrowed. Finally, if religious groups expect pastors to serve wherever they are needed, pastors entering their first call should be freed financially to do so, either during seminary or afterward.

The extent of seminarian debt in the ELCA is dependent, in part, upon the contributions of individuals and congregations to the church's eight seminaries and/or to seminarians themselves. The Survey of Seminary Awareness and Attitudes, fielded in early 2013, gauged the level of awareness among lay and clergy members about the system of theological education in the ELCA, its funding, and the relationship funding has to educational debt. The survey also addressed factors influencing contributions to ELCA seminaries. Seven questions on the survey were designed to measure the knowledge of lay leaders and clergy about the scope and costs of theological education. Forty-five percent of the lay leaders answered none of the awareness questions correctly<sup>17</sup>. This figure was considerably higher than the 13 percent for retired clergy and 3 percent for active clergy.

Specifically, active clergy and retired clergy were more likely than lay leaders to correctly indicate that 10 percent or less of the funding for ELCA seminaries comes from the churchwide organization of the ELCA (46% and 40% of respondents, respectively); however, these percentages suggest that the majority of both active and retired clergy did not provide the correct response. Sixty-three percent of the lay respondents indicated they had no idea what the correct percent might be.

Seventy-five percent of active clergy and 52 percent of the retired clergy correctly indicated that 80 percent of 2011 seminary graduates carried educational debt. These percentages were larger than for lay leaders (37%). This was the item answered correctly by the highest percentage of lay leaders.

Although the majority of active and retired clergy accurately indicated the percent of 2011 seminary graduates with educational debt, they were much less likely to correctly identify the average amount of debt that these graduates carried. Thirty-five percent of the active clergy correctly identified the amount as \$40,000; seventeen percent of the active clergy indicated it was \$30,000 and 35 percent said it was \$50,000. Responses for the retired clergy were similarly distributed. Fifty percent of the lay respondents said they had no idea how much educational debt 2011 graduates took with them into their first call.

In order to inform ELCA members and congregations about the activities on seminary campuses and to request financial support, each ELCA seminary regularly distributes marketing materials. Forty-five percent of lay leaders reported having received materials of this sort within the past year. Having

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<sup>17</sup> This percentage included those lay leaders who responded "I have no idea" to one or more of the questions.

received these materials from an ELCA seminary was positively related to the amount of information lay leaders possessed about the seminaries. For those who had received information, 15 percent answered 4 or more questions correctly. For those who had not received information, 4 percent answered 4 or more questions correctly. Nearly all the active and retired clergy reported receiving information so the influence of the information on their answers could not be assessed.

#### Attitudes toward Funding Theological Education

As part of the Survey of Seminary Awareness and Attitudes, respondents were asked their thoughts about how theological education should be funded. Respondents were most likely to say the churchwide organization of the ELCA should include ELCA seminaries in its budget. They were somewhat less likely to indicate it was important for synods to include the seminaries on their budgets and considerably less likely to indicate it was important for congregations to do likewise. Clergy were more likely than lay respondents to indicate the importance of contributions from each of these funding channels. Additionally, clergy were more likely than lay respondents to indicate that seminary students should be paid while on internship, that pastors should be compensated well enough to serve full-time, and that members of the church should be informed about ELCA seminaries.

With respect to funding from congregations, clergy were more likely than lay people to indicate congregations should support seminarians directly by giving money to them (69 percent compared to 41 percent), help pay down the education debt of new pastors by providing funding over and above new pastor's salaries (56 percent compared to 30 percent), and hold special offerings for seminaries (62 percent compared to 49 percent). Lay respondents on the other hand were more likely to suggest that seminary students should find their own funding or pay for nearly all of their seminary education expenses themselves.

Furthermore, when respondents were asked to rank who they believed should bear the responsibility for covering the costs of preparing a pastor to serve in the ELCA, the active and retired clergy were less likely to attribute responsibility to students and congregations and more likely to attribute responsibility to synods, the churchwide organization, and the seminaries. The variance among the mean scores on these funding sources was small among clergy respondents, so it is reasonable to conclude the clergy believe the responsibility for funding theological education should be shared. On the other hand, the lay respondents again placed most responsibility on the students and the seminaries and the least on the congregations. The differences with regard to the responsibility given to students and congregations between the lay leaders and the clergy were statistically significant.

These findings suggest a tendency toward believing seminary students should bear some level of responsibility for paying the costs of their seminary education, while also receiving some assistance (which is essentially the premise on which the current system is based).

#### Limited Knowledge of Financial Topics

Many students enter seminary not possessing an extensive amount of education, knowledge or skill about financial issues. Just over one-third (36%) of respondents to the First-Year Student Survey reported receiving financial education before entering seminary. Although this is not a small percentage

of respondents, it does suggest that the majority of first-year students entered seminary having had little to no “formal” financial education.

The most common form of financial education among these respondents was financial coaching from their parents (52%). Forty-one percent of respondents reported completing exit loan counseling at their undergraduate institutions. Nearly the same percentage of respondents (37%) had attended seminars on finances at their undergraduate institutions. Other forms of financial education, including financial coaching at one’s undergraduate institution or with a financial advisor, and stewardship training from parents, other relatives, or at one’s church were less common (22%).

Seminary students also showed low levels of knowledge regarding a number of financial topics faced during seminary and beyond. In order to better understand how much respondents knew about their current and future financial situation, they were asked about their debt, as well as their knowledge of personal and congregational finances using the Financial Wellness Survey, field in the Fall of 2010.

#### *Debt Repayment*

Seventy-four percent of respondents to the baseline Financial Wellness Survey reported that they have an accurate estimate of the percentage of their monthly income that goes to their debt payments, not related to education (e.g., car and credit card). When asked if they knew what their monthly payments for educational debt would be once they had completed seminary, the percentage of students reporting significant knowledge was considerably lower (46%).

A potential explanation for the latter finding is that some respondents did not know what their final borrowing amount would be at the time of the survey, so they would not possess an accurate estimate of what they would need to pay monthly toward their educational debt. Additionally, it is possible that since these payments were to occur in the future, as opposed to their current bills, students had not given them significant thought.

#### *Personal Finances*

Respondents were most likely to report they were proficient in understanding how their family history had influenced their current perspectives about money, in their ability to talk openly about their finances, and in their ability to manage their own finances. However, less than half of the respondents reported knowing their credit score (See Table 4).

**Table 4. Perspective on Personal Financial Knowledge**

<u>% with proficient knowledge</u>	<u>2010</u>
The way in which your family history influences your current perspectives about money	66%
Talking openly about your financial circumstances	65%
Managing your own finances	64%
Your credit score	48%

## Investing

Respondents reported the lowest levels of knowledge on investing. Forty percent of respondents said that they were proficient in understanding the advantages and disadvantages of investing in stocks. About one-third of respondents said that they understood long-term investment strategies and the way financial markets operate, and approximately one-quarter indicated they understood how much money they needed to save for retirement (See Table 5).

**Table 5. Perspective on Investing Knowledge**

% with proficient knowledge	2010
Advantages and disadvantages of investing in stocks	40%
Long-term investment strategies	34%
The way financial markets operate	31%
The amount of money you need to save for your retirement	27%

Although knowledge of these topics was lower than others measured, these figures were in line with research about the financial literacy of Americans between the ages of 23 and 28 (Lusardi, Mitchell & Curto, 2010)<sup>18</sup>. When asked a question about inflation, 54 percent of respondents to that survey answered the question correctly, but 15 percent indicated that they did not know the answer. When asked about risk diversification in investing, 47 percent of respondents provided the correct answer, with 37 percent responding they did not know. Although ELCA seminary students were not asked these same questions, their responses on related topics suggested a similar level of knowledge.

### Negative Financial Behaviors

Beyond knowledge of financial matters, students' financial behaviors were another indicator of their financial health and a potential cause of their educational debt. Ruger, et al. (2005) showed that although many students borrowed because of need (69 percent of borrowers agreed with the statement, "Educational loans allowed me to attend the theological school of my choice"), a significant minority borrowed out of convenience. Twenty-six percent of borrowers agreed with the statement, "Student loans served as a replacement for the dollars my parents or spouse otherwise could have provided"; 23 percent of borrowers agreed, "Student loans served as a backup or reserve rather than as a primary source in financing my studies"; and 26 percent of borrowers disagreed with the statement "Educational loans played an essential role in allowing me to attend theological school." Taken together, a significant minority of students may be unnecessarily accruing educational debt.

Beyond borrowing, several risky financial behaviors to which seminarians were assumed to be particularly susceptible were included on the Financial Wellness Survey (e.g., making decisions on the spot to buy items, shopping as a form of entertainment, incurring an additional fee for paying a bill late, and spending at or near their credit limits). Respondents were most likely to say they would make decisions on the spot to buy items; only 5 percent of respondents said they never did this. Respondents were considerably less likely to engage in other risky financial behaviors, but more than half had, at

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<sup>18</sup> Lusardi, A., Mitchell, O.S. & Curto, V. (2010). Financial literacy among the young. *The Journal of Consumer Affairs*, 44, 358-380.

some time, incurred an additional fee for paying a bill late. All of the behaviors investigated are included in Table 6.

**Table 6. Likelihood of “Risky” Financial Behaviors**

% never	2010
Make decisions on the spot to buy items	5%
Run out of cash before your next paycheck arrives	38%
Shop as a form of entertainment	43%
Incur an additional fee for paying a bill late	45%
Borrow money to pay off a debt	52%
Spend at or near your credit limits	59%

In addition to the risky financial behaviors, several positive financial behaviors were also included to determine a baseline of students engaging in healthy financial practices. Approximately half of respondents (52%) said they often comparison shop before making a large purchase. Additionally, 43 percent of respondents said they create a budget that identifies their income and expenses. Although this finding suggests a substantial portion of the student body was already budgeting, it also suggests the majority of students could benefit from its practice.

#### Reducing Expenses and Raising Funds

As mentioned above, approximately 20 percent of recent graduates from M.Div. programs at ELCA seminaries have carried no educational debt at graduation; however, 58 percent of respondents to the First-Year Student Survey indicated it was important to leave seminary without education debt. While it may be important to these students, the odds are against all of them leaving seminary without debt. In order to graduate without debt, these respondents have to be creative in their cost-cutting efforts and assertive in their fund-raising efforts.

Respondents were asked about their likelihood of completing certain activities<sup>19</sup> which would enable them to pay for more of their education. Respondents indicated that they were most likely to make changes to their spending through lifestyle changes (69 percent included this activity in the top three of those they would be most likely to do), and by applying for additional scholarship monies (67%). Somewhat less likely, though still mentioned by more than half of respondents, was working a part-time job (59%). Respondents reported that they would do these three activities to pay for seminary education before they would take out educational loans (46%).

Respondents were as likely to take out educational loans as to approach a congregation about education funding (45 percent included this in their top three), and they were more likely to say that they would take out loans than to use savings or retirement funding (22%), work a full-time job (21%), or approach individuals for financial support (16%).

<sup>19</sup> Respondents ranked a set of eight items from most likely to least likely. The percentages included are the percent of respondents ranking the behavior in their top three.

## Consequences of Educational Debt

### Defining Acceptable Debt

In their 2005 report *The Gathering Storm*, Ruger, et al. (2005, 11) noted: “The ability to manage the repayment of student loans varies with the financial circumstances of the borrower,” highlighting the difficulty in predicting any one person’s ability to repay educational loans. Given this fact, it is of little surprise varying levels of educational debt have been considered acceptable by ELCA synod candidacy committees, the ELCA churchwide organization and ELCA seminaries. Primarily, the ELCA candidacy Manual proposes that personal debt above \$25,000 (excluding mortgage) upon entry into seminary is cause for concern<sup>20</sup>. It is not clear how candidacy committees arrived at this figure, nor what course of action might be beneficial for a candidate carrying this level of debt.

In order to provide resources to those discussing finances with candidates for ministry, a “Level of Concern” figure was defined. The Level of Concern refers to an amount of educational debt M. Div. students should understand, if exceeded, could impact their financial future as pastors in the ELCA.

In order to set the Level of Concern, assumptions were made following the advice of the website FinAid<sup>21</sup>, which provides information on financial aid topics to students pursuing baccalaureate or graduate degrees including estimates of the amount of educational debt they may reasonably be able to afford given their expected starting salary. The debt repayment advice is based on a debt-to-income ratio. The site notes: “Most banks will refuse to issue a loan if the total of the monthly debt payments (i.e., mortgages, credit cards, auto loans, educational loans, etc.) exceeds 37 percent of income.” In terms of total student debt, FinAid recommends that educational loan payments represent no more than 10 to 15 percent of income. Because first-call pastor salaries in the ELCA are relatively modest, the Level of Concern targets the total educational debt-to-income level for first-call pastors at no more than 10 percent of income.

As noted above, the acceptable level of debt for a first-call pastor varies with income. First-call pastors with higher salaries can manage higher levels of student debt. The problem is students accumulate debt well before they know their starting salaries. However, the range of salaries a first-call pastor in the ELCA can expect is known. Based on data for 2012, the median salary for first-call pastors was approximately \$48,000 with salaries ranging from \$17,400 to \$71,000. At a salary of \$17,400, the acceptable level of total student debt is approximately \$12,500 while at \$71,000 the acceptable level is approximately \$51,500<sup>22</sup>. No first-call pastor would have a debt-to-income ratio of more than 10 percent if their total student debt was less than \$12,500, but setting this level as critical is unreasonable since the vast majority of first-call pastors will make more than \$17,400. On the other hand, since no first-call pastor can expect a salary of more than \$71,000, there should be no students with debt of more than \$51,500<sup>23</sup>. The level of concern for student debt for most students is somewhere between

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<sup>20</sup> ELCA Candidacy Manual, April 2010. According to a Fall 2011 survey of 2006 M.Div. graduates from ELCA seminaries, 86 percent of pastors with education debt are still paying down educational loans. Of this subset, 63 percent owe more than \$25,000.

<sup>21</sup> <http://www.finaid.org/>

<sup>22</sup> This assumes the ability to repay the debt in 10 years at a 6.8 percent interest rate.

<sup>23</sup> Thirty-two percent of all 2011 M.Div. graduates in the ELCA had a total student debt of \$51,500 or more.

\$12,500 and \$51,500. The strategy in arriving at a single estimate of the level of concern was to select the debt level within this range that corresponds to the minimum salary which 75 percent of M. Div. students could expect to receive as a first-call pastor in the ELCA. This total student debt level is approximately \$31,500 at the corresponding salary level of approximately \$43,500<sup>24</sup>. Any total educational debt above this level may negatively affect the financial future of a first-call pastor in the ELCA.

It is important to note that the Level of Concern is less a financial cliff and more a downward slope. As educational debt increases so does the likelihood it will become an issue for a first call pastor, particularly as the level of educational debt climbs above \$31,500.

#### Current Financial Situation

The discussion of acceptable levels of educational debt would not be complete without presenting information about the financial situation of pastors in their first call.

#### *Financial Compensation in Call*

The Pastors' Impact Survey revealed more than three-quarters (76%) of pastors from the 2006 graduating class earn \$30,000 or more in their call (not including housing or other allowances), with the average salary falling between \$30,000 and \$35,000. In order to compare salaries by level of educational debt, survey respondents were split into four groups:

- 1) Those with no educational debt;
- 2) Those with educational debt between \$1 and \$30,000;
- 3) Those with educational debt between \$30,001 and \$60,000; and
- 4) Those with more than \$60,000

Salaries were very consistent across differing levels of educational debt. The percentage of pastors earning \$30,000 or more in each debt level ranged from 72% to 79%.

Ten percent of pastors surveyed reported earning a salary of \$50,000 or more; a higher proportion of those with no educational debt (18%) reported earning this salary. None of the pastors with more than \$60,000 in educational debt reported receiving a salary of \$50,000 or more. Twelve percent of pastors reported a salary of \$25,000 or less; those with no debt were the most likely to report a salary of this amount (18%).

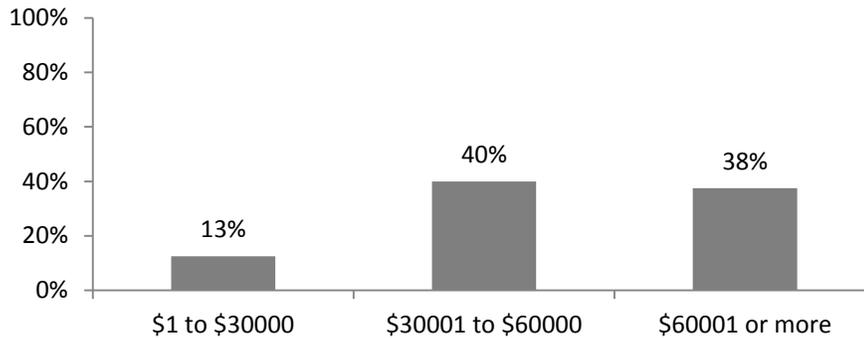
#### *Other Financial Assistance following Seminary*

Twenty-five percent of pastors carrying educational debt indicated that their congregation or synod helped them to pay it down following seminary. At higher levels of debt (above \$30,000), about 40 percent of pastors received assistance in paying down their debt from their congregation or synod (See Figure 3).

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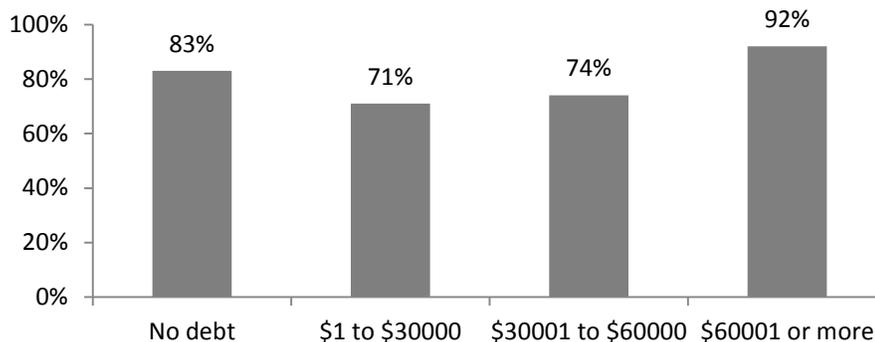
<sup>24</sup> Fifty-two percent of all 2011 M.Div. graduates in the ELCA had a total student debt of \$31,500 or more.

**Figure 3. Percent of pastors whose congregations or synods helped them to pay down their educational debt by level of educational debt**



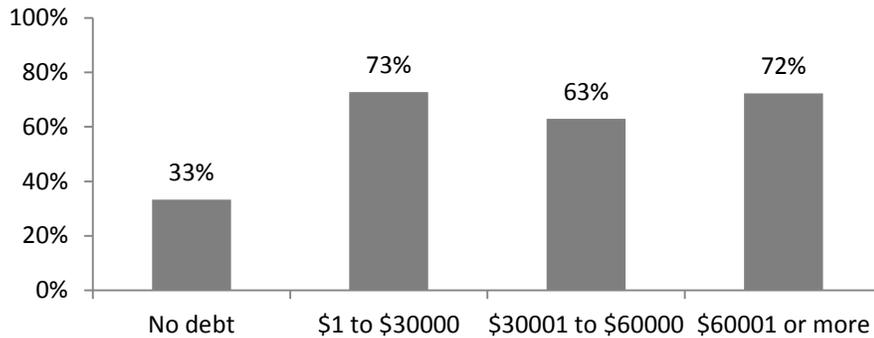
First-call pastors whose spouses or partners held employment had another source of funding for repaying their educational debt. The majority (79%) of married/partnered pastors reported spouses or partners hold jobs. The difference in the percentage of employed spouses or partners among the various debt levels was not statistically significant, ranging from 71 percent among pastors with education debt of less than \$30,000 to 92 percent among pastors with the highest levels of debt (See Figure 4).

**Figure 4. Percent of married/partnered pastors whose spouse/partners hold jobs by level of educational debt**



Even though income from a spouse or partner’s employment provided a valuable contribution to an overall household income, 62 percent of pastors who responded to the Pastors’ Impact Survey reported that they earned more than their spouse or partner. This percentage ranged from 63 percent to 73 percent for those with educational debt; however, among pastors with no debt, a significantly lower percentage (33%) reported that they contribute more to the household income than their spouse/partner (See Figure 5). This suggests that for these respondents, funding for tuition and living costs during seminary could likely have been supported by the higher income of a spouse or partner.

**Figure 5. Percent of pastors who contribute a larger portion of their family's income than their spouse/partner by level of educational debt**



### Impact of Educational Debt on the Lives of Pastors

One of the most compelling aspects of *The Gathering Storm* (Ruger, et al., 2005) was its suggestion that educational debt among those graduating from theological school may have a significant negative impact on the lives and careers of those who carry it. The report argued extensive student loans may hinder graduates from accepting calls to challenging positions which do not pay well, including missional settings, small churches, and new congregations. They held that candidates in these settings may feel the need to be debt free before they can pursue these ventures because the salary and benefits they will potentially receive would not be sufficient to cover living costs and debt repayment. Additionally, the study suggested those carrying extensive educational debt may delay their entry into ministry, working in better-paying fields until their debts are more manageable. Or, high levels of educational debt may lead some borrowers to leave the ministry, due to the financial pressures they feel and many who remain in ministry may be faced with the psychological stress of managing a tight budget. Finally, Ruger, et al. (2005) also posited stress associated with debt including financial constraints and the negative emotions associated with carrying high educational debt may impact ministerial performance.

Although all of these suggestions represented well-informed and reasonable conclusions, the report did not provide empirical evidence which showed the deleterious effects of educational debt on pastors or their ministries. Because there was so little empirical data, Stewards of Abundance attempted to test these hypotheses within the ELCA.

### *Selection of a Call*

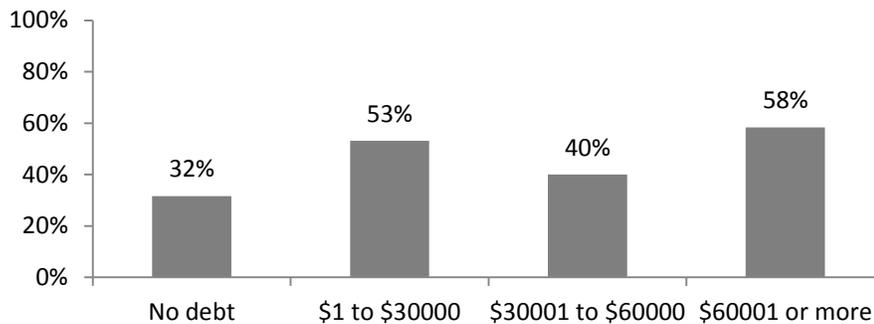
More than ninety percent of the pastors who responded to the Pastors' Impact Survey highlighted four issues as most important when considering a call<sup>25</sup>. These included having a sense of call to the congregation (98%), feeling one's skills matched the congregation's needs (96%), having a full-time call as opposed to a part-time call (92%), and feeling that one's vision for the congregation matched that of the congregation's leadership (90%). Although the order of importance differed slightly depending on the amount of educational debt a pastor carried, these four aspects were at the top across pastors with all levels of educational debt.

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<sup>25</sup> Respondents rated a number of characteristics on 5-point scales. The percentages of respondents rating a characteristic as a 4 or 5 are included in this section.

Nearly half of pastors surveyed (44%) had either turned down a call or had refused to consider a call. Although those pastors with the highest levels of education debt (exceeding \$60,000) were most likely to have done so (58%), and those with no debt were the least likely to have done so (32%), there was no clear pattern among the debt groupings (See Figure 6).

**Figure 6. Percent turning down or refusing to be considered for a call by level of educational debt**

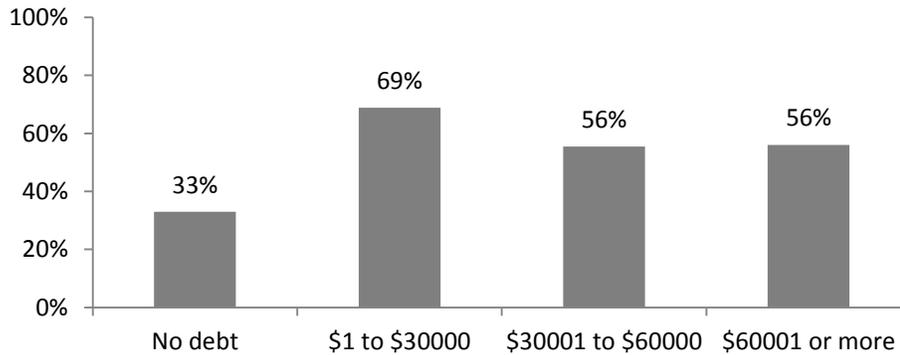


A relatively low percentage of pastors surveyed (18%) indicated they turned down a call because the salary/benefits were not sufficient; this differed little by debt level, ranging from 16 percent to 22 percent.

Interviews with pastors from the same graduating class as those surveyed provided supporting evidence. Many graduates, particularly those with higher levels of educational debt, were excited—even desperate—to receive a call. Many wanted to accept a call, nearly any call, because they wished to begin paying off their educational debts. Some of these pastors were so eager to accept a call that the salary/benefits packages ranked near the bottom of their considerations. However, some pastors also indicated they and some of their colleagues were now struggling to pay their bills and had sought second calls with higher compensation to keep their finances in order.

The results of the Pastors Impact Survey revealed that the reason pastors most often turned down a call was because they did not feel a sense of call to a particular congregation (60%). This reason was provided by 33 percent of those with no debt and 56 percent of those with debt of more than \$60,000. Once again, however, there was no clear pattern since among those with \$1 to \$30,000 in debt, 69 percent ranked not feeling a sense of call to a particular congregation as the most common reason for turning down a call (See Figure 7).

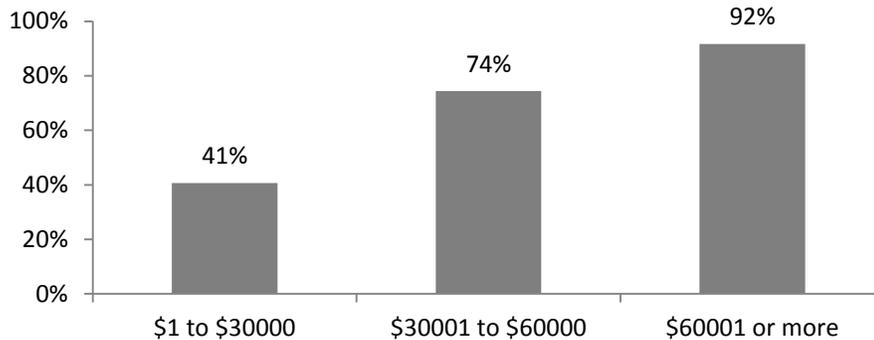
**Figure 7. Percent turning down or refusing to be considered for a call because the respondent did not feel called to a particular congregation by level of educational debt**



*Stress and Satisfaction with Finances*

Debt. Nearly half (49%) of seminary graduates in 1994 and 1999 surveyed by Ruger and his colleagues (2005) said they wished they had borrowed less money. The Pastors’ Impact Survey revealed 77 percent of respondents with educational debt reported that they were either concerned or very concerned about their current level of debt. Not surprisingly, as a pastor’s level of debt increased, so did the concern over this debt (See Figure 8). Forty-one percent of those with educational debt of less than \$30,000 reported being concerned compared to 92 percent of those with educational debt over \$60,000.

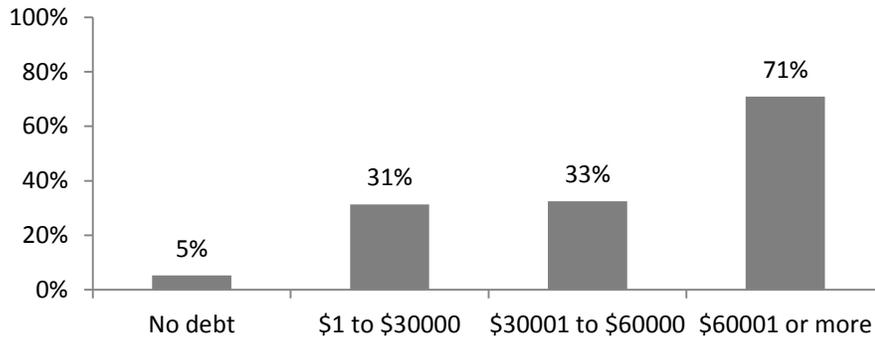
**Figure 8. Percent of pastors who reported concern about their current level of debt by level of educational debt**



Additionally, more than a third of pastors reported worrying<sup>26</sup> about their ability to pay off their debts. As with concern over a pastor’s level of debt, the percent indicating they worry about their ability to pay off their debt increased with the level of debt (See Figure 9).

<sup>26</sup> This is based on the percentage of respondents providing a 4 or 5 on a 5-point scale from ‘Never’ to ‘Regularly.’

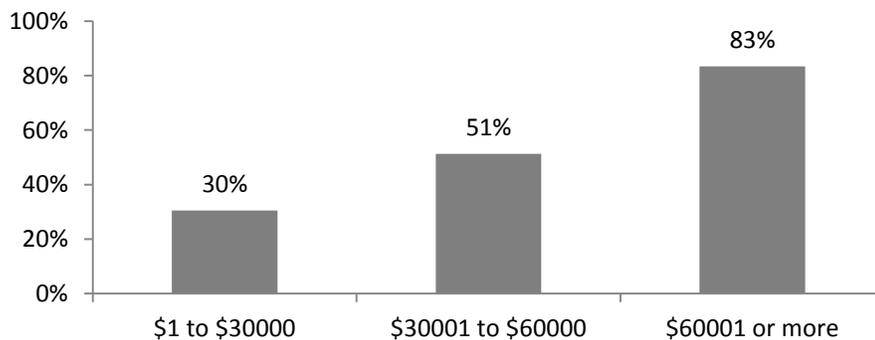
**Figure 9. Percent of pastors who worry about their ability to pay off their debts by level of educational debt**



The percentage of seminary students expressing the same worry was considerably higher; the Financial Wellness Survey found that more than half of respondents (56%) worried about their ability to pay off their bills. This could potentially be the result of higher debt levels in more recent graduates; alternatively, it could suggest that pastors are less likely than students to worry about paying off their bills, potentially due to the fact that they were drawing a salary.

Half of the pastors (49%) who responded to the Pastors' Impact Survey indicated resentment<sup>27</sup> about the amount of debt they incurred in becoming a pastor. This also varied significantly by debt level. Thirty percent of pastors with educational debt of less than \$30,000 indicated resentment compared to 83 percent of pastors with educational debt greater than \$60,000 (See Figure 10).

**Figure 10. Percent of pastors who expressed resentment about the amount of debt they incurred in becoming a pastor by level of educational debt**



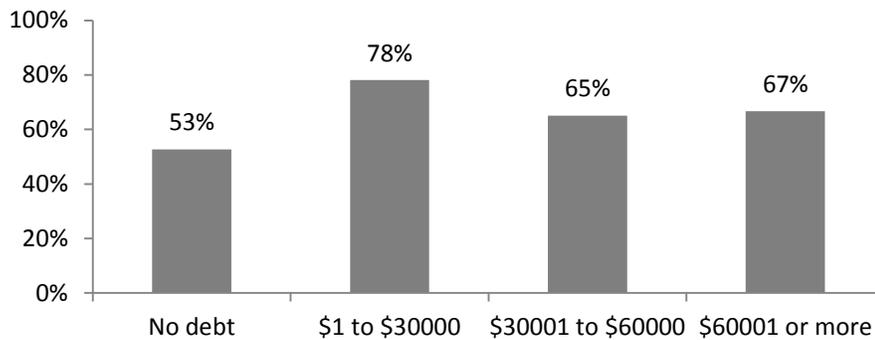
Standard of Living. Fifty-eight percent of pastors who responded to the Pastors' Impact Survey indicated they were satisfied<sup>28</sup> with their current standard of living. Those with no debt were most likely to be satisfied (68%), and those at the highest levels of debt (above \$60,000) were least likely to be satisfied (50%).

<sup>27</sup> This is based on the percentage of respondents providing a 3 or 4 on a 4-point scale from 'Never' to 'Very often.'

<sup>28</sup> This is based on the percentage of respondents providing a 4 or 5 on a 5-point scale from 'Not at all' to 'Very.'

In general, pastors were most likely to report they were satisfied with their living accommodations (84%); pastors at all debt levels were equally satisfied. The majority (68%) of pastors also indicated they were satisfied with their salary and benefits. Perhaps somewhat surprisingly, pastors with no debt showed the lowest satisfaction, compared to those with more educational debt. Fifty-three percent of those with no educational debt said that they were satisfied or very satisfied, whereas the satisfaction ratings from those with educational debt ranged between 65 percent and 78 percent (See Figure 11).

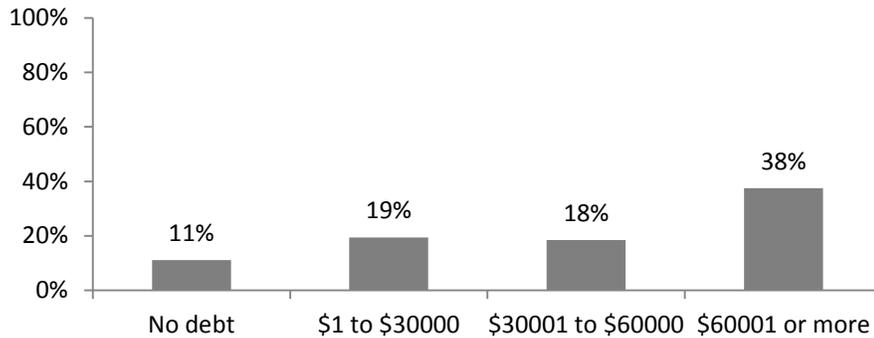
**Figure 11. Percent of pastors who reported satisfaction with their salary and benefits by level of educational debt**



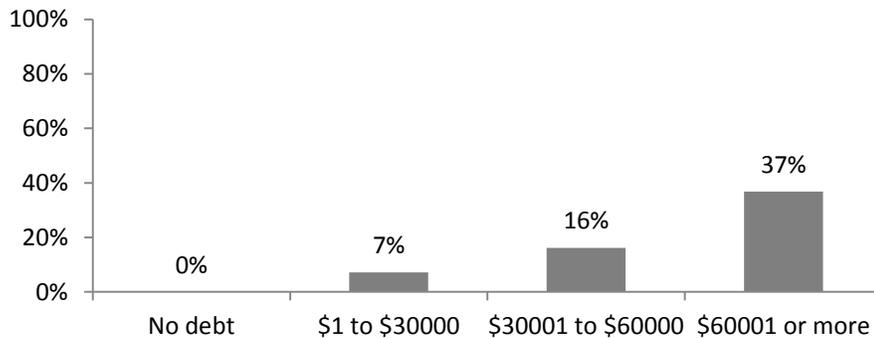
However, pastors with no debt were more likely to be satisfied than those with the highest levels of debt with their current credit balance (71 percent compared to 29 percent) and with their current credit limits (89 percent compared to 58 percent). Seminarians who responded to the Financial Wellness Survey generally provided responses similar to those with higher levels of educational debt; 41 percent indicated that they were satisfied with their credit balance and 56 percent said the same of their credit limits.

Twenty percent of pastors reported feeling resentment about their financial situations due to their level of compensation. The relationship between debt and resentment was relatively clear. Pastors with no educational debt were the least likely to express resentment (11%), and those with the greatest amount of educational debt (above \$60,000) were the most likely to express resentment (38%). Fourteen percent of pastors also said their spouse expressed resentment about their financial situation. Pastors with the most educational debt reported the highest levels of resentment by their spouse (37%), compared to those with lesser or no educational debt (Range: 0% to 16%) (See Figures 12 and 13).

**Figure 12. Percent of pastors who reported resentment about their financial situation due to their level of compensation by level of educational debt**

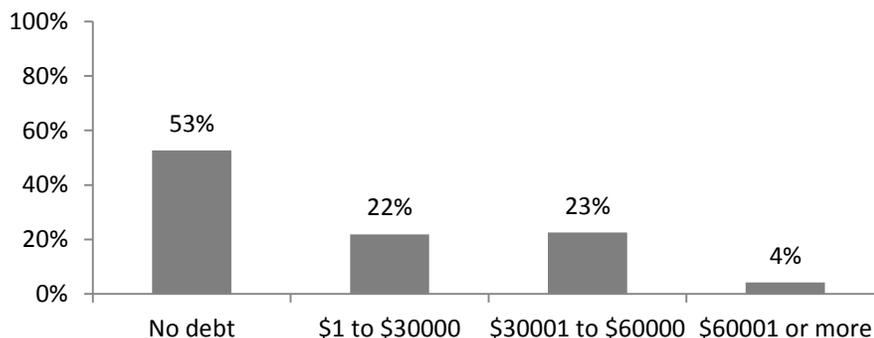


**Figure 13. Percent of pastors who reported that their spouse/partner expressed resentment about their financial situation due to their commitment to pastoral ministry by level of educational debt**



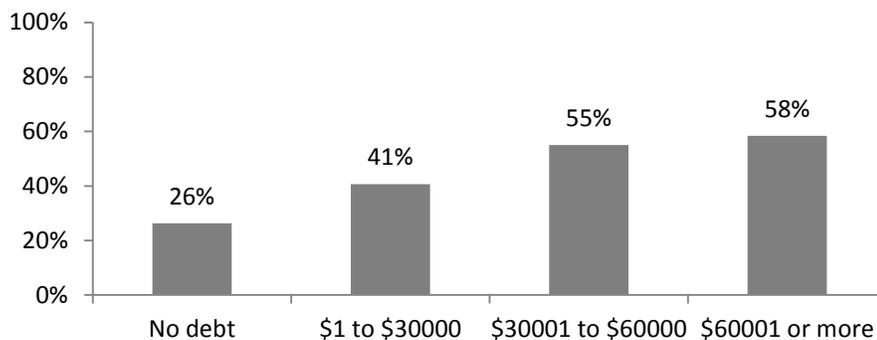
Savings. Pastors' satisfaction with their level of savings appears to be impacted by their educational debt. Although 27 percent of all pastors surveyed said they were satisfied or very satisfied with their current level of savings, more than half (53%) of those with no educational debt reported satisfaction with their current level of savings, compared to 4 percent of those at the highest debt levels (above \$60,000) (See Figure 14). Findings from the Financial Wellness Survey showed a similarly low level of satisfaction. Fifteen percent of respondents to that survey reported satisfaction with their current level of savings.

**Figure 14. Percent of pastors who were satisfied with their current level of savings by level of educational debt**



Financial Sacrifices. Half of pastors (51%) who responded to the Pastors’ Impact Survey said they sacrifice<sup>29</sup> things that they want because they don’t have enough money. Pastors with educational debt were considerably more likely to report making financial sacrifices than those who did not carry educational debt. The pastors with the highest levels of debt were the most likely to report sacrificing their wants (58%), compared to those with no educational debt (26%) (See Figure 15). These figures were again similar to the Financial Wellness Survey, to which 59 percent indicated they regularly sacrifice wants because they do not have enough money.

**Figure 15. Percent of pastors who report regularly sacrificing what they want because they don’t have enough money by level of educational debt**



The Pastors’ Impact Survey revealed 13 percent of respondents sacrificed what they needed because they did not have enough money, though the results did not show any relationship between a pastor’s level of educational debt and his or her likelihood of sacrificing needs. The Financial Wellness Survey showed that nearly one in five respondents (17%) reported they sacrifice needs. It is not inconceivable that some of these first-call pastors have been sacrificing needed items since their time in seminary because they could not afford them.

### *Stress Associated with Ministry*

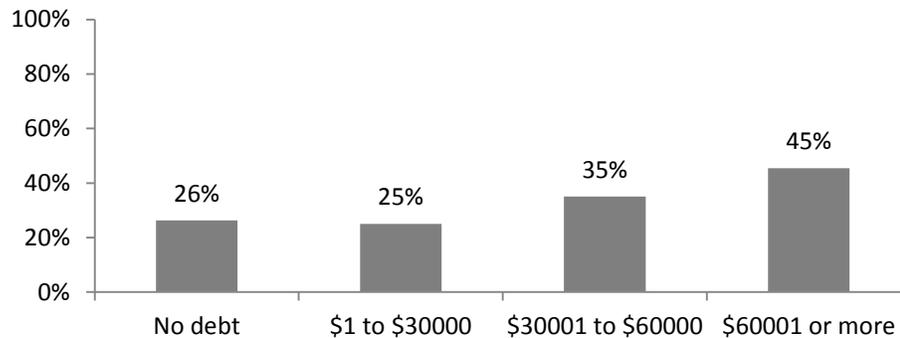
Though there were clear differences in the levels of financial stress experienced by pastors with regard to their personal finances, the results were more mixed with regard to stress related to ministry. Nearly three-quarters (73%) of pastors who responded to the Pastors’ Impact Survey indicated they experienced stress related to their ministry fairly often or more but there were no clear differences by level of educational debt. Thirty-eight percent of pastors surveyed indicated they experienced stress related to congregation members being critical of their work, but this was no more likely for those at the highest level of educational debt than for those with no educational debt. Eighty-eight percent of pastors responding to the survey reported that they work more than 40 hours per week, but these figures varied little by level of educational debt.

On the other hand, there was some difference in pastors’ assessments of their role within the congregation. Thirty-three percent of the pastors surveyed indicated that there was a lack of agreement between themselves and their congregations regarding their role as a pastor; those with the highest

<sup>29</sup> This is based on the percentage of respondents providing a 4 or 5 on a 5-point scale from ‘Never’ to ‘Regularly.’

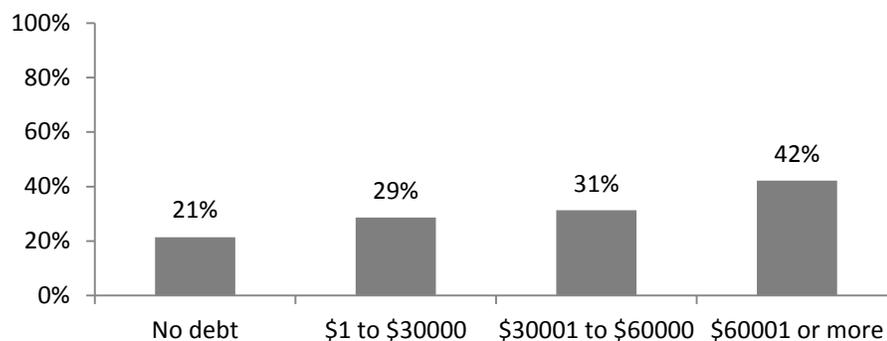
levels of educational debt were more likely to indicate this was true and that it was a problem for them (See Figure 16).

**Figure 16. Percent of pastors who said that there was disagreement between themselves and their congregations about their role as pastor by level of educational debt**



There were also differences related to debt on stress associated with the amount of time taken by the ministry. Thirty percent of pastors surveyed reported that their spouse/partner expressed resentment about the time taken by ministry. Pastors with no educational debt were the least likely to report their spouses/partners express this sentiment (21%), and those with educational debt in excess of \$60,000 were the most likely (42%) (See Figure 17).

**Figure 17. Percent of pastors who reported that their spouse/partner expressed resentment about the time taken by ministry by level of educational debt**



More than half of pastors (53%) indicated that they did not have enough time to spend with their children due to the needs of their congregation, and though responses varied by level of education debt, no clear pattern emerged.

#### *Satisfaction in Ministry*

Overall, pastors responding to the Pastors' Impact Survey generally reported they were satisfied in their ministry. More than 70 percent of the pastors indicated they were satisfied<sup>30</sup> with their relationships with leaders in the congregation (75%), their work in ministry (74%), and their overall effectiveness as a pastoral leader (72%). On all these items there was no clear pattern tied to levels of educational debt.

<sup>30</sup> This is based on the percentage of respondents providing a 4 or 5 on a 5-point scale from 'Not at all' to 'Very.'

Sixty-three percent of pastors reported satisfaction with their relationship with the ELCA as a denomination. Those with educational debt in excess of \$60,000 were somewhat more likely to be satisfied (74%) compared to those with debt at or below \$60,000 (63%).

Pastors reported less satisfaction with support from their synod (51%). Those with no debt were least likely to say that they were satisfied with the support they receive from their synod (42%), compared to those with educational debt (ratings ranged from 50 percent to 60 percent).

#### *Stress and Satisfaction with Personal Life*

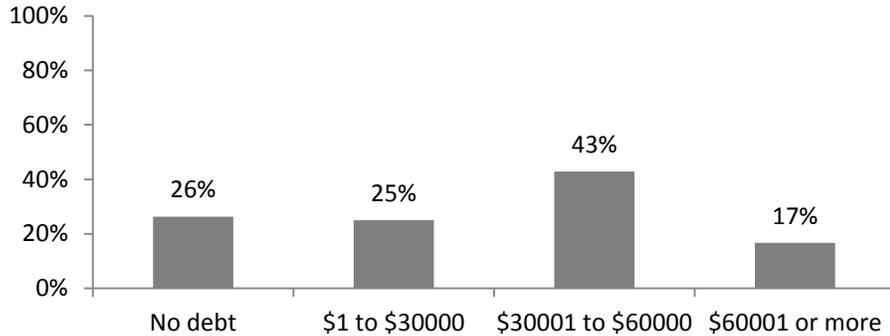
Although results from the Pastors' Impact Survey showed pastors' satisfaction with their financial circumstances, and to a lesser or more mixed degree with their ministry, were related to the level of their educational debt, this was not the case with regard to their satisfaction with their health, the health of their relationships with others, their spiritual lives, or their opportunities for continuing education. No consistent relationships were seen on these issues. On the other hand, with regard to feelings of loneliness and isolation, about a third (36%) of pastors surveyed said they felt lonely and isolated as a pastor. Forty-five percent of those with higher levels of debt (above \$30,000) indicated this was the case compared to 29 percent of those with lower levels of debt (less than \$30,000).

#### *Likelihood of Seeking Other Work*

Due to the potential stress associated with carrying educational debt, some pastors feel the need to seek out better paying positions. Ruger and Wheeler (1995) found that several "heavy borrowers" (about 2%) were in secular positions and that their educational debt had affected their choice of career. In the ELCA as of Fall 2011, approximately 17 percent of 2006 graduates were either no longer on the roster (through removal or resignation) or were on leave from call. It was not clear, however, what percentage of these individuals left the roster for financial reasons. Some pastors from the Pastors' Impact Survey (although a minority) indicated they had thought about finding a position with another congregation (29%), moving to another type of ministry (15%), or leaving the ministry for a secular occupation (8%).

The relationship between debt and seeking other employment was not clear, but pastors with the greatest amount of education debt (above \$60,000) were the least likely to say that they had had serious thoughts about leaving their current position to become a pastor elsewhere (17%) (See Figure 18). The pattern presented here suggests pastors with considerable debt may be reluctant to take actions (e.g., looking for another call) which might jeopardize their current call or potentially introduce greater financial instability into their lives.

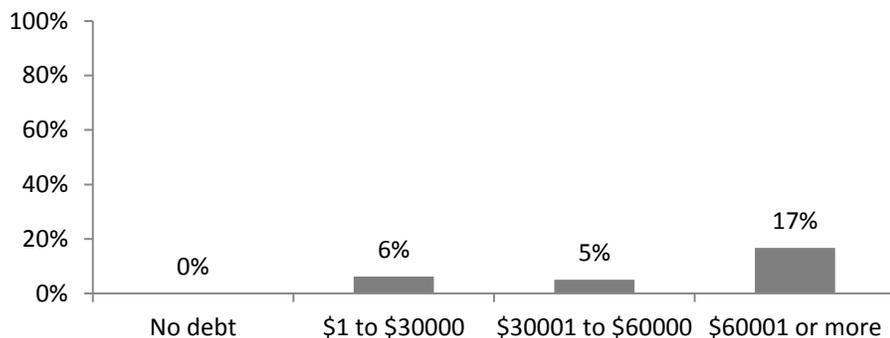
**Figure 18. Percent of pastors who reported that they had thought about leaving their current position for a position with another congregation by level of educational debt**



However, interviews with some pastors from the 2006 graduating class, many with significant debt, revealed that educational debt was a factor in seeking out and accepting a different call. An analysis of the average levels of educational debt which compared those who were still in their first call to those who were in a subsequent call showed those who were in their first call had considerably less debt on average than those in a subsequent call (\$28,182 compared to \$40,357). It is possible those with higher levels of debt sought a second call in order to address, at least in part, their educational debt.

Although they were the least likely to have considered leaving their position for another congregation, pastors with the greatest amount of educational debt were most likely to consider leaving the ministry for a secular occupation (17%) according to the Pastors' Impact Survey (See Figure 19). Additionally, a small minority of those with significant debt indicated they would consider leaving their current call to seek alternative employment specifically for financial reasons. Analysis of average educational debt levels did not provide conclusive corroborating evidence. Graduates who were no longer on the roster or who were on leave from call carried, on average, \$36,010 in educational debt. Graduates who were currently in a call carried an average of \$34,229<sup>31</sup>.

**Figure 19. Percent of pastors who reported that they had thought about leaving their current position for a secular position by level of educational debt**



<sup>31</sup> Median numbers suggested a greater difference between the groups. Those not currently in a call carried \$43,962 in education debt, compared to \$32,045 among those currently in a call.

### Occupational Trajectory

It is part of nearly every pastor's life that he or she will move from one call to another. In order to understand pastors' occupational trajectory (i.e., the number of calls they have taken and the time they have spent in each) and how they are impacted by the level of educational debt that pastors carry, Stewards of Abundance examined the job records of pastors from the 2006 graduating class of M.Div. students at ELCA seminaries. Graduates' call history as of October 2011 was used for this analysis.

Ninety-five percent of the 2006 graduating class received a first call. The level of a pastor's educational debt did not seem to impact in any meaningful way the likelihood of receiving a call. Of graduates with \$60,000 or more in educational debt, all received calls, and ninety-seven percent of those with no educational debt received calls.

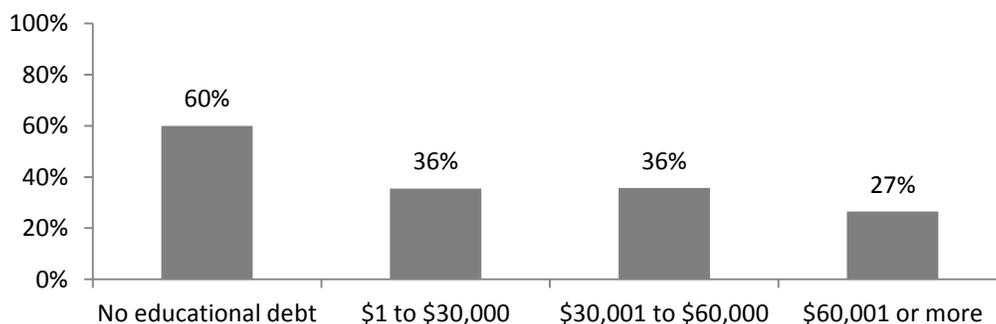
Although the percentage of graduates employed at the time of analysis was lower (76 percent of graduates in the sample were called to a position), there was no orderly pattern by level of educational debt in the variability of the percentages of graduates employed (Range: 73%-82%).

There did seem to be some relationship between the time graduates began their first call and their level of educational debt. Overall, graduates from the 2006 class had an average start date in their first call of December 2006; those with educational debt took their first calls in November 2006, on average, compared to April 2007 for those with no educational debt, representing an average difference of five months.

Although pastors with no educational debt entered their first calls later than those with educational debt, the evidence as to whether they stayed longer in those calls was inconclusive. In order to remove the bias of the artificial job end date (i.e., the date of analysis), we analyzed the time spent in pastors' first calls only for those who had moved on from their first call. On average, these pastors spent 3 years and 3 months in their first call. The time pastors spent in their first call varied somewhat (Range: 3 years, 1 month to 3 years, 5 months), but there was no clear pattern by the level of educational debt.

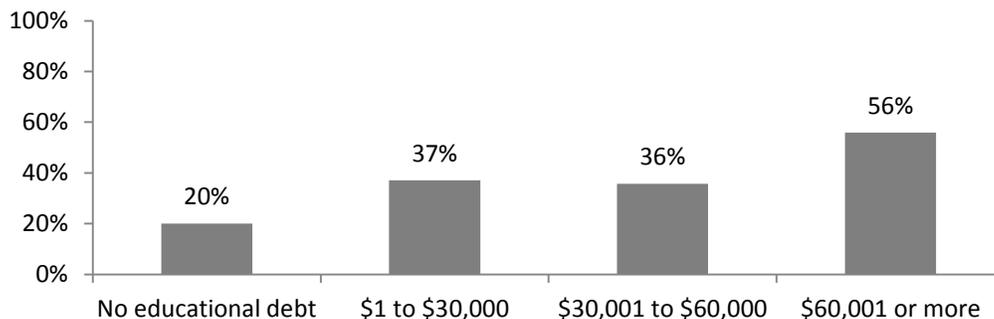
However, at the time of analysis, the percent of pastors still in their first call was highest among those with no educational debt. Sixty percent of pastors who had no educational debt were still in their first call, compared to less than 40 percent of those from the other debt categories (See Figure 20). This would suggest that pastors with no educational debt were more likely to stay in their first call than pastors with educational debt, particularly those with the highest levels of educational debt.

**Figure 20. Percentage of pastors who remain in their first call by level of educational debt**



Furthermore, analysis of pastors who had moved on to their second call revealed 56 percent of those with educational debt of more than \$60,000 were in their second call. Compared to the other debt categories, this was the highest percentage. The percentage of pastors with no educational debt who were in their second call was considerably lower at 20 percent (See Figure 21).

**Figure 21. Percentage of pastors in their second call by level of educational debt**



These findings were consistent with information collected through interviews with graduates from the 2006 class. Many of those with the highest educational debt suggested that they had taken a first call out of a necessity to begin paying down their educational debt. They were then more likely to seek a higher-paying call, due in part to the fact that the salary they made in their first call did not sufficiently support themselves and their families.

It is important to note that the percentages of those in their first and second calls within each debt category could level out as time passes, potentially even within a period as short as six months. Thus, it will be necessary to update this analysis to more accurately determine the relationship between educational debt and time in first call. Ultimately, this relationship can only be fully determined once all pastors have left their first calls.

#### *Summary of Stress and Satisfaction Associated with Educational Debt*

The results of the Pastors' Impact Survey suggested those pastors with higher levels of educational debt experienced somewhat greater financial and emotional struggles, including less satisfaction with their standard of living and their savings. Additionally, pastors with the highest levels of educational debt experienced more resentment about their financial situation and debt level, both from themselves and their spouses/partners. Pastors with the highest education debt were also most likely to believe they were making financial sacrifices, particularly of things that they wanted.

Although the emotional implications of high educational debt were evident, emotional stress did not seem to extend to ministry. Pastors with the highest levels of educational debt provided the highest ratings of satisfaction with their relationships to other clergy as well as of their spiritual lives.

A remaining question centers on the potential longer term impact of the emotional stress. As time goes on and debt remains persistent, will there be long-term emotional drain and broader ministry impact? At this point, pastors seemed to be able to compartmentalize and isolate their education debt, so it does not affect their ministry. Time will tell if this strategy is viable over the long run.

## Impact of Concern about Educational Debt on the Lives of Pastors

Although differences in educational debt levels revealed some differences in pastoral satisfaction, the level of concern a pastor had regarding his or her educational debt was considerably more predictive. There were consistent differences in measures of satisfaction when comparing those who were not concerned about their debt with those who said they were very concerned.

It must be noted that those who were not concerned about their level of educational debt did have less debt than those who were concerned or very concerned. However, their level of debt was not so low to be considered insignificant. Those who were not concerned about their educational debt carried an average of \$36,323, compared to \$43,741 for those who said they were concerned about their educational debt and \$57,045 for those who said they were very concerned.

### *Selection of a Call*

The four most important issues when considering a call were consistent across the groupings of raw educational debt. The same was true across concern about educational debt. Those who were not concerned about their debt and those who were very concerned found having a sense of call to the congregation, feeling one's skills matched the congregation's needs, having a full-time call rather than a part-time call, and feeling that one's vision for the congregation matched that of the congregation's leadership to be most important.

There were several issues when considering a call found to be more important by those who were very concerned about their debt compared to those who were not. Seventy-four percent of pastors who were very concerned about their educational debt said that it was important for the resources of the local community to match with their family's needs or wants, compared to 41 percent of pastors who were not concerned about their educational debt. Also, 65 percent of the pastors who were very concerned about their educational debt said that the salary and benefits package was important in their decision regarding a call, compared to 47 percent of those who were not concerned about their educational debt.

Although it may have been assumed that those with the greatest concern about their educational debt would have been the least likely to turn down a call, this was not the case. There was no clear pattern between concern about educational debt and the likelihood of turning down a call.

### *Stress and Satisfaction with Finances*

**Debt.** When it came to the worry a pastor experienced about his or her ability to pay off debts, 75 percent of those who were very concerned about their educational debt expressed worry, compared to none of those who were not concerned about their debt. Those who were very concerned about their educational debt were also much more likely than those who were not concerned about their educational debt to experience resentment about the level of educational debt incurred to become a pastor (90 percent compared to 6 percent).

**Standard of Living.** When asked about their current standard of living, 77 percent of those who were not concerned about their level of educational debt reported that they were satisfied with

their current standard of living. This was considerably greater than the 20 percent of those who were very concerned about their debt.

The majority (75%) of those who were very concerned about their educational debt were satisfied with their living accommodations, but the percentage was still considerably lower than among those who were not concerned about their educational debt. All (100%) of those in this category were satisfied with their living conditions. The difference between these groups was considerably larger when looking at satisfaction with salary and benefits. Eighty-eight percent of those not concerned about their educational debt said that they were satisfied with their salary and benefits, compared to 45 percent of those who were very concerned about their level of educational debt.

Pastors who were not concerned about their educational debt generally showed considerably higher levels of comfort with their credit balances and credit limits than those who were concerned about their level of debt and even higher than those who were very concerned about their level of debt (See Table 7).

**Table 7. Comfort with credit balance and credit limits by concern about educational debt**

	Not concerned	Concerned	Very concerned
Comfort with credit balance	88%	42%	20%
Comfort with credit limits	94%	71%	40%

None of those who were not concerned about their educational debt experienced resentment about their financial situation due to their level of compensation as a pastor, nor resentment from their spouses over the family’s financial situation due to pastoral ministry. This was not the case among those who were very concerned about their educational debt. Fifty-five percent of this group experienced resentment about their financial situation due to their level of compensation as a pastor, and 35 percent experienced resentment from their spouses over the family’s financial situation due to pastoral ministry.

Savings. Those who were not concerned about their educational debt were the most likely to say that they were satisfied with their current level of savings. Forty-one percent reported that they were satisfied. This was much higher than the 16 percent of those concerned about their level of debt who said that they were satisfied. Only 5 percent of those who were very concerned about their educational debt said they were satisfied with their current level of savings.

The pattern was the same for the amount being saved for retirement. Fifty-three percent of those who were not concerned about their educational debt reported they were satisfied. Again, this was considerably higher than the 13 percent of those who reported being concerned about their educational debt. None of those who were very concerned about their educational debt reported being satisfied about their retirement savings.

Likewise, none of those who were very concerned were satisfied with the amount they were saving for their children’s college education. Though, in this case, the percentage of those who

were not concerned about their own educational debt was not high (17 percent said they were satisfied).

Financial Sacrifices. Concern about educational debt was also associated with financial sacrifice. Seventy-five percent of those who were very concerned about their educational debt said that they regularly sacrifice purchasing what they want because they do not have enough money. This is compared to 35 percent of those who were not concerned about their educational debt. Additionally, 30 percent of those who were very concerned about their level of educational debt said that they regularly sacrifice what they need because they don't have enough money. None of those who were not concerned about their educational debt regularly made this sacrifice.

### *Stress Associated with Ministry*

In general, concern about educational debt was associated with greater stress in ministry. As it pertained to the stress of dealing with congregational members who were critical of their work, half of those who were very concerned about their educational debt reported experiencing this stress, compared to 29 percent of those who were not concerned about their educational debt.

Pastors who were very concerned about their level of educational debt also reported feeling the negative effects of time spent at work. They were more likely to say that they did not have sufficient time to devote to their children because of the needs of the congregation (45 percent compared to 12 percent), as well as that their spouse or partner expressed resentment over the amount of time their ministry takes (35 percent compared to 18 percent).

Concern over debt did not seem to impact the stress a pastor felt in facing the challenges of the congregation. Of those who were very concerned about their educational debt, 75 percent said they experienced stress in dealing with the challenges of the congregation; of those who were not concerned, 71 percent said they experienced this stress.

### *Satisfaction in Ministry*

Satisfaction in ministry was also associated with a pastor's concern about his or her educational debt. Compared to those who were not concerned about their educational debt, those who were very concerned were less satisfied with their work in ministry (60 percent compared to 80 percent) and their overall effectiveness as a pastoral leader (65 percent compared to 88 percent). Additionally, those who were very concerned about their educational debt were somewhat less satisfied with their relationship to the leaders of the congregation they served than those who were not concerned about their educational debt (65 percent compared to 82 percent). Though the ratings in general were relatively low, those who were very concerned with their educational debt were also least likely to report feeling supported by their synod (35 percent compared to 53 percent).

### *Stress and Satisfaction with Personal Life*

This distinction between those who were very concerned about their educational debt and those who were not was also revealed in pastors' ratings of their personal lives (See Table 8). Those who were not concerned about their educational debt were most satisfied with their personal relationships and their health. In both of these areas, the difference between those who were not concerned and those who

were very concerned was considerable. Additionally, those who were very concerned about their educational debt were least satisfied with their spiritual lives.

**Table 8. Percent satisfied with issues related to one’s personal life by concern about educational debt**

	Not concerned	Concerned	Very concerned
Satisfaction with personal relationships	82%	58%	45%
Satisfaction with one’s health	82%	55%	25%
Satisfaction with their spiritual lives	65%	58%	35%

*Likelihood of Seeking Other Work*

Overall, those who were most concerned about their educational debt were the most likely to have considered seeking another position. Forty percent of those who were very concerned about their level of educational debt said that they had seriously considered becoming a pastor elsewhere. Although this was higher than those with less concern about educational debt, the difference was not immense. Twenty-four percent of those who were not concerned about educational debt said that they had seriously considered becoming a pastor elsewhere.

The difference between these groups was larger when considering seeking a job in another type of ministry. Thirty percent of those who were very concerned about their educational debt said that they had had serious thoughts about leaving congregational ministry for another type of ministry, compared to 6 percent of those who were not concerned about their debt. There was also a somewhat substantial difference between groups as it pertained to having seriously thought about entering a secular position. Twenty percent of those who were very concerned about their educational debt had seriously considered seeking a secular position; none of those who were not concerned about their debt indicated that they had sought such a position.

Although these findings are in no way causal, they do indicate a relationship between concern about debt and the likelihood of seeking other, potentially more lucrative, work. This is consistent with other information collected in this study which suggested those with greater concern about their educational debt were more likely to seek work which would assist them in paying down and ultimately eliminating this debt.

*Summary*

These findings, taken together, do suggest a robust relationship between a pastor’s concern about his or her educational debt and his or her occupational and personal satisfaction and stress. Across a variety of measures, pastors who were very concerned about their educational debt reported greater stress, more concern, greater sacrifice, and less satisfaction than pastors who were not concerned about their educational debt. Although it is possible that individuals who were very concerned about their level of educational debt may simply be less satisfied and more concerned about life’s issues in general, it is certainly plausible that concern about educational debt contributes to this dissatisfaction and concern.

## Impact of Educational Debt on Perceived Pastor Effectiveness

Beyond its potential impact on pastors' stress and satisfaction, it has been suggested that educational debt can influence the effectiveness of pastors' ministry and the health of the congregations they serve. In order to investigate these hypotheses, lay leaders of the congregations served by those from the 2006 graduating class were surveyed using the Congregational Evaluation Survey in the Fall of 2012 regarding the views of their pastors.

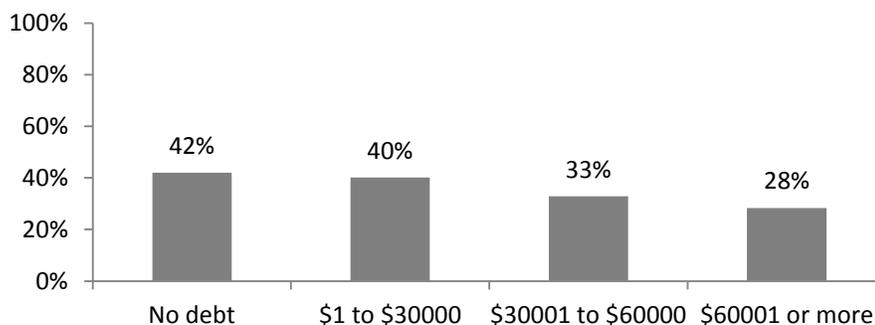
In general, respondents to the Congregational Evaluation Survey provided high ratings of their pastors on scales of pastor effectiveness, including such issues as how well the pastor identifies with and empowers the congregation, and about his or her involvement with the congregation and the community. There was generally little to no difference on the scales by level of education debt.

### *Leadership Characteristics*

In their responses regarding their pastors' leadership characteristics, respondents were most likely to report that their pastors supported the ideas of the congregation (69%), inspired people to take action (68%), and acted on goals the congregation had been involved in setting (64%). Pastors with the highest debt levels were the most likely to be identified as acting on goals the congregation had been involved in setting (72%). All of the other debt groups were roughly ten percentage points lower (between 61% and 63%), but the differences were not statistically significant.

Considerably fewer lay leaders suggested their pastors tended to take charge (36%). The pattern by debt level of the tendency for congregations to report that their pastor took charge was more clear (See Figure 22); lay leaders from congregations whose pastors had no debt were most likely to report that their pastor tended to take charge (42%), and respondents from congregations in which the pastor had more than \$60,000 in debt were the least likely to say that their pastor took charge (28%).

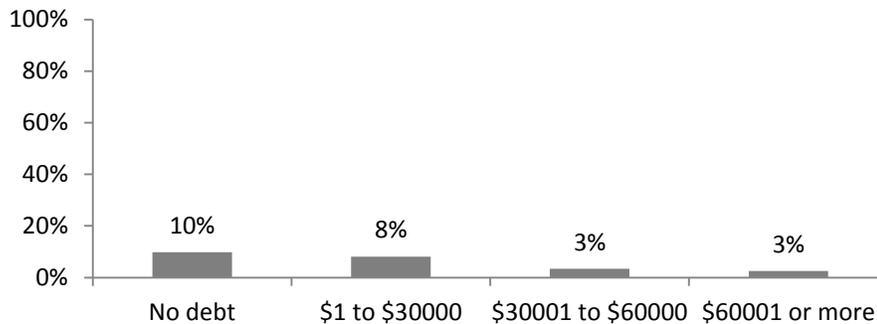
**Figure 22. Percentage of respondents reporting that their pastors tend to take charge by level of pastor's educational debt**



Although, in general, lay leaders were unlikely (6%) to report their pastor did not support the ideas of the congregation, there was a trend in congregations' ratings of their pastors not supporting the ideas of the congregation (See Figure 23); respondents from congregations in which the pastor had no educational debt were the most likely to report that their pastor did not support their ideas, though this percentage was still quite low overall (10%). Respondents from congregations in which the pastor had

the greatest debt (both between \$30,000 and \$60,000 and more than \$60,000) were the least likely to report that their pastor did not support the ideas of the congregation (3% of each group).

**Figure 23. Percentage of respondents reporting that their pastors do not support the ideas of the congregation by level of pastor’s educational debt**



The responses to these items suggest a pastor with high debt may be more compliant and more cautious about making decisions or taking actions in a congregation. Recent survey work with lay leaders in congregations conducted in support of the ELCA’s Living into the Future Together (LIFT) task force showed many people like their congregations just the way they are.<sup>32</sup> The vast majority of congregational leaders also indicated they believe changes in the broader culture have negatively impacted their congregations and there is little they can do to counter these changes. If it takes strong and decisive leadership to help lead congregations out of this passivity toward being an engaging positive force in the local community, then a significant level of educational debt may be a hindrance. This concern was also present among some of the pastors interviewed with regard to debt. Some indicated they were so anxious to receive, accept, and begin working in a call (in part to begin to pay down their debt), they wanted to do nothing which might jeopardize their future in that call.

#### Impact of Educational Debt on Congregational Health

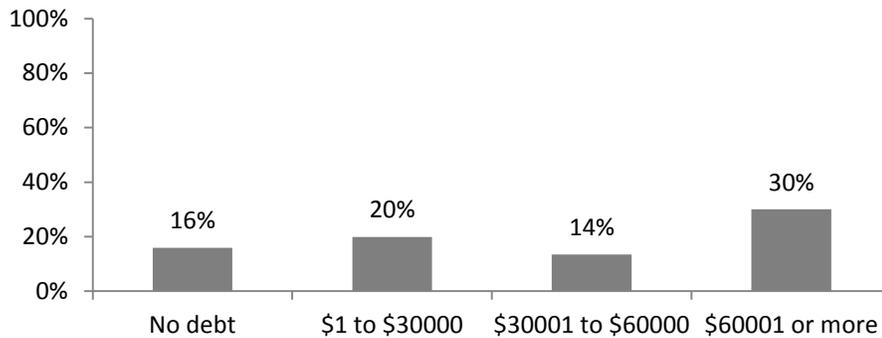
##### *Congregational Vitality*

Previous research on congregational vitality has centered around three factors: the connection between congregational members and God, the connection among members themselves, and the connection between members and the world. The Pastors’ Impact Survey revealed the educational debt of a pastor was not related to their own ratings of the congregation’s connection with God nor the congregation’s connection with each other. Pastors with the highest level of debt ranked their congregations highest on their connection with the world (30%), but there was no consistent pattern tied to the level of educational debt (See Figure 24)<sup>33</sup>.

<sup>32</sup> "Report on the Open, Clergy, and Lay Leader Questionnaire", 2010. Available from Research and Evaluation, ELCA.

<sup>33</sup> This is based on the percentage of respondents providing a 4 or 5 on a 5-point scale from 'Hardly at all' to 'Very well.'

**Figure 24. Percent of pastors with favorable ratings of their congregation's connection with God**



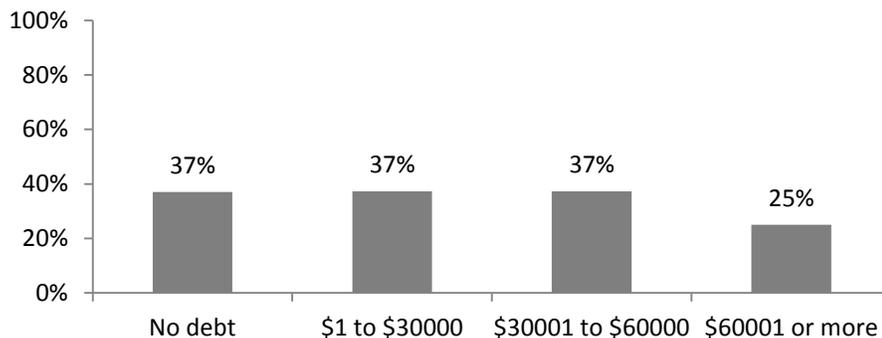
With regard to pastors' ratings of the vitality of their congregations, the only clear conclusion is that pastors with higher levels of debt consistently rank their congregations higher than those with lower levels of debt.

### *Congregational Conflict*

Pastors who responded to the Pastors Impact Survey suggested that conflict within a congregation was fairly common, with nearly 90 percent reporting at least minor congregational conflict within the two years prior to the survey. The educational debt of a pastor did not have a clear relationship to congregational conflict.

The two issues that were most likely to cause conflict within a congregation were homosexuality and finances; each was reported by approximately one-third of the pastors. There was no clear pattern between conflict related to homosexuality and debt level. It would be reasonable to expect some conflict over financial issues if pastors with more debt were openly dissatisfied with their level of compensation or were less adept at managing congregational budgets. However, pastors at the highest debt levels were not significantly more likely to report conflict related to congregational finances than those with lower debt or no debt (See Figure 25).

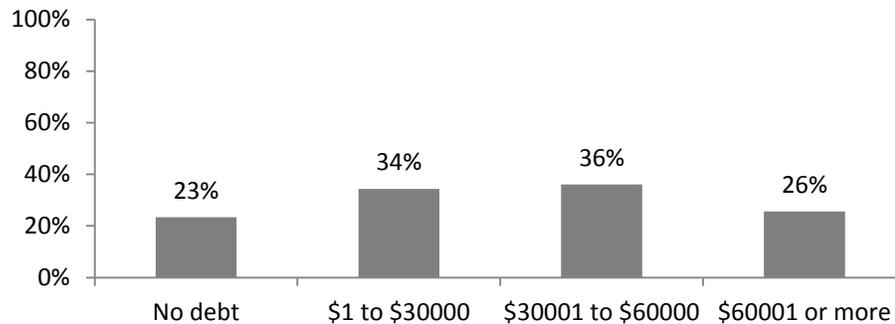
**Figure 25. Conflict around finances by level of educational debt**



Congregational lay leaders provided similar responses on the Congregational Evaluation Survey. Seventy-six percent of congregations reported experiencing some sort of conflict, even if it was minor, in the three years prior to the survey. More specifically, thirty-one percent of congregations reported major conflict during that time period. However, similar to the results from the pastors, the relationship

between a pastor's educational debt level and conflict was unclear; there were no significant differences by a pastor's debt level (See Figure 26).

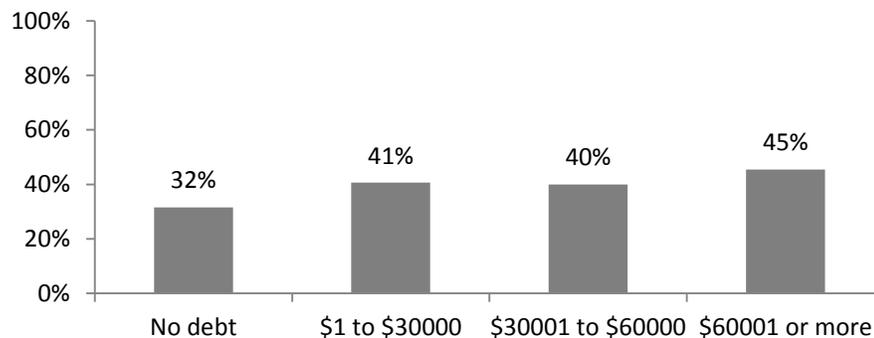
**Figure 26. Percent of respondents reporting that there was major conflict in the congregation within the past three years by level of pastor's educational debt**



### *Future of the Congregation*

Of those who responded to the Pastors' Impact Survey, pastors with the highest debt levels were most likely to indicate that the congregation which they served had a clear vision, goals, and direction for its ministry and mission (45%) (See Figure 27), though the differences among the groups were not statistically significant.

**Figure 27. Percent of pastors who said that their congregation had clear vision, goals, and direction for its ministry and mission by level of education debt**



Lay leaders provided somewhat more favorable ratings. Sixty percent of respondents agreed or strongly agreed they have a sense of excitement about the future of their congregation. These evaluations did not differ by the level of educational debt the pastor carried.

### **Impact of Concern about Educational Debt on Perceived Pastor Effectiveness**

Pastors who were not concerned about their educational debt generally received higher effectiveness ratings from their congregations, compared to those pastors who were very concerned about their level of educational debt. Specifically, congregations whose pastors were not concerned about their own educational debt were more likely to say that their pastors provided specific examples of how their Christian faith can influence what they do in their daily lives, clearly communicated the mission of the congregation, and shared an understanding of that mission with the congregation. Additionally, congregations whose pastors were not concerned about their educational debt were more likely to say

that their pastors were effective at letting members know that they understood the challenges the congregational members face in their daily lives (See Table 9).

**Table 9. Congregational ratings (percent satisfied) of pastoral effectiveness by pastor’s concern about own educational debt**

	Not concerned	Concerned	Very concerned
Gives us specific examples of how our Christian faith can influence what we do in our daily lives	95%	84%	73%
Communicates clearly his/her understanding of the mission of the congregation	85%	81%	71%
Works hard to help members share an understanding of the mission of the congregation	85%	78%	69%
Effectively lets members know he/she understands the challenges they face in their daily lives	90%	84%	76%

*Leadership Characteristics*

Congregations did not generally vary in their ratings of pastors’ leadership characteristics, though three moderate differences emerged (See Table 10). Pastors who were not concerned about their educational debt were rated more highly on the issue, “inspires people to take action,” compared to those who were very concerned. Additionally, those who were very concerned about their educational debt received somewhat lower ratings on the issue, “tends to take charge.” This was similar to the results seen with splits by raw levels of educational debt; those with the greatest debt were rated as least likely to take charge. Finally, pastors who were very concerned about their educational debt were less likely to be described as taking into account the suggestions of other congregational members, compared to those who were not concerned about educational debt, though the percentages were high across the board. These results must not be overstated, however, as there was not a vast difference among groups on these issues.

**Table 10. Congregational ratings (percent satisfied) of pastoral leadership characteristics by pastor’s concern about own educational debt**

	Not concerned	Concerned	Very concerned
Inspires people to take action	79%	73%	61%
Tends to take charge	34%	35%	24%
My pastor has taken into account the suggestions of other congregational members	96%	95%	82%

There was generally little difference in responses among congregations whose pastors were not concerned about their educational debt and those who were very concerned, when it came to the characteristics of the congregations’ lay leadership, though there were two small differences. Congregations whose pastors were not concerned about their educational debt were slightly more likely to say that lay leaders in these congregations inspired the congregation to take action (58 percent compared to 46 percent). Additionally, a higher percentage of respondents from congregations whose

pastors were very concerned about their educational debt said that lay leaders did not support the ideas of the congregation, compared to congregations whose pastors were not concerned about their educational debt (14 percent compared to 2 percent).

Congregations whose pastors were not concerned about their educational debt were more likely than congregations whose pastors were very concerned to say that someone encouraged them to find or use their gifts in the congregation (91 percent compared to 79 percent). The ratings here are all quite high, and, similar to the above, do not indicate large differences between the groups.

#### Impact of Concern about Educational Debt on Congregational Health

##### *Congregational Vitality*

On each of the three factors of congregational vitality described above, pastors who were not concerned about their educational debt provided the highest average ratings about their congregations (See Table 11). Those who were very concerned about their educational debt provided the lowest ratings on all three scales. The largest difference was seen on the connection with God; pastors who were not concerned about their educational debt provided considerably higher ratings than those who were very concerned. The smallest difference was seen on the connection to the world, though the pattern was similar.

**Table 11. Pastors' ratings of congregational vitality measures by concern about educational debt**

	Not concerned	Concerned	Very concerned
Connection to God	53%	39%	15%
Connection to the world	41%	42%	30%
Connection to each other	35%	21%	10%

There were several specific issues where the differences in these scales were particularly evident. Pastors who were not concerned about their educational debt were considerably more likely than those who were very concerned about their educational debt to indicate that their congregations were effective at accepting newcomers (71 percent compared to 28 percent), and that they were effective at incorporating these newcomers into the life of the church (65 percent compared to 35 percent).

Additionally, pastors who were not concerned about their educational debt were considerably more likely than those who were very concerned about their educational debt to say that their congregations helped members grow in faith (35 percent compared to zero percent). Pastors who were not concerned about their educational debt were also more likely than those who were very concerned about their educational debt to say that their congregations helped people deepen their relationship with God (53 percent compared to 22 percent).

Conversely, pastors who were very concerned about their educational debt were more likely than those who were not concerned to say that their congregations helped members grow in stewardship (31 percent compared to 9 percent). This was the only issue that ran counter to the general pattern. Most indicators seem to suggest that congregations pastored by those who were not concerned about their educational debt are healthier overall.

## *Worship*

Comparing those who were not concerned about their educational debt with those who were very concerned revealed consistent differences, both generally and specifically, on congregational responses to issues of worship. Findings from the Congregational Evaluation Survey showed ninety percent of lay leaders from congregations whose pastors were not concerned about their educational debt provided favorable ratings about their pastors' approach to worship; this is considerably higher than the 69 percent of lay leaders from congregations whose pastors were very concerned about their educational debt who provided the same response. Specifically, congregations served by pastors who were not concerned about their level of educational debt were more likely to say that the worship was filled with God's presence, that it was joyful, and that it was nurturing of people's faith, compared to congregations served by pastors who were very concerned about their level of educational debt (See Table 12).

**Table 12. Percent satisfied with issues related to worship by concern about educational debt**

	Not concerned	Concerned	Very concerned
Filled with God's presence	95%	81%	73%
Joyful	86%	72%	64%
Nurturing of people's faith	90%	78%	70%

## *Congregational Conflict*

Overall, 32 percent of pastors who responded to the Pastors' Impact Survey indicated that their congregations had major conflict in the two years preceding being surveyed. Although the relationship between a pastor's educational debt level and conflict in the congregation was unclear, the relationship between concern about educational debt and congregational conflict was somewhat less ambiguous; fifty percent of the pastors who were very concerned about their educational debt said that they had experienced major conflict in their congregations within the past two years, compared to 35 percent of pastors who were not concerned about their educational debt.

According to the results from the Congregational Evaluation Survey, congregations pastored by those who were very concerned about their educational debt were much more likely to say that they had experienced major conflict in the three years prior to being surveyed. Fifty-five percent of respondents whose pastors were very concerned about their educational debt said that their congregations had experienced major conflict, compared to twenty percent of those congregations pastored by those who were not concerned about their educational debt.

## *Future of the Congregation*

The results of the Pastors' Impact Survey revealed pastors who were not concerned about their educational debt indicated a brighter future for their congregations than pastors who were very concerned about their educational debt. Seventy-one percent of the former suggested that there is excitement about the future of their congregations, compared to 28 percent of the latter group. Additionally, 59 percent of those who were not concerned about their educational debt said their

congregations had a clear sense of mission; this was considerably higher than the 17 percent of those who were very concerned about their educational debt.

Furthermore, pastors who were not concerned about their debt were considerably more likely to say that they had a sense of excitement about the congregation's future, compared to those who were very concerned (88 percent compared to 61 percent). Findings from the Congregational Evaluation Survey suggested lay leaders of the congregations led by pastors who were not concerned about educational debt were also much more likely to express a sense of excitement about their congregation's future, compared to those pastored by a pastor who was very concerned about his or her educational debt (74 percent compared to 46 percent).

#### Decreased Congregational Support for Seminaries

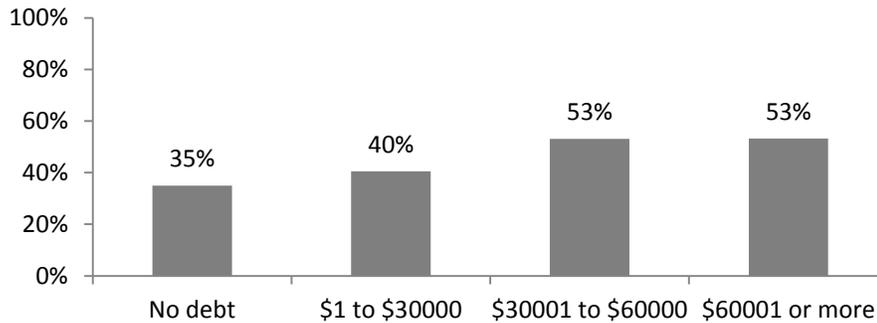
Ruger, et al. (2005) suggested educational debt may have an impact which reaches back to the seminary. Specifically, the authors suggest seminary graduates with high educational debt may be more likely to speak negatively about their seminary experience and their call to ministry. The results of the surveys collected by Stewards of Abundance did not provide empirical support for this assertion. Across the 51 congregations who responded to the Congregational Evaluation Survey, 90 percent of respondents said that their pastor spoke positively about his or her seminary experience, and 95 percent of respondents said that the pastor spoke positively about his or her call to the ministry.

When examining the impact of educational debt on how positively a pastor spoke about his or her seminary experience, the responses were very high across debt levels and similar to one another (87% to 95%). There was also no discernible difference when comparing those with differing concerns about debt. Even though pastors with higher debt and greater concern about that debt experienced greater resentment about the amount of money it cost to earn a seminary degree than those who do not carry educational debt or who were not concerned about their debt, the former may also have been so committed to the experience that they were willing to make a significant financial commitment. Resentment may well have been directed at the debt incurred, rather than the educational experience or the institution.

Ruger et al. (2005) also suggested pastors with high debt would be less willing to recommend being a pastor if they believe the combination of heavy student loans and low compensation create too much of a burden. They may be less likely to recommend their specific theological school because of the costs. According to the Career Characteristics Importance Survey, a survey of youth and young adults involved with ELCA ministries fielded in the Summer of 2011, 36 percent said that they had been encouraged to pursue a career as a pastor. Of these, 75 percent said that they were encouraged by their pastors. It is not clear if there were pastors who recommended against it.

Additionally, nearly half (46%) of the congregations responding to the Congregational Evaluation Survey indicated they have had, in addition to their pastor, another member of their congregation enrolled in seminary in the past five years. Those congregations led by pastors with \$30,000 or more in debt were more likely to have another member of their congregation in seminary (53%) when compared to congregations which do not (35%) (See Figure 28).

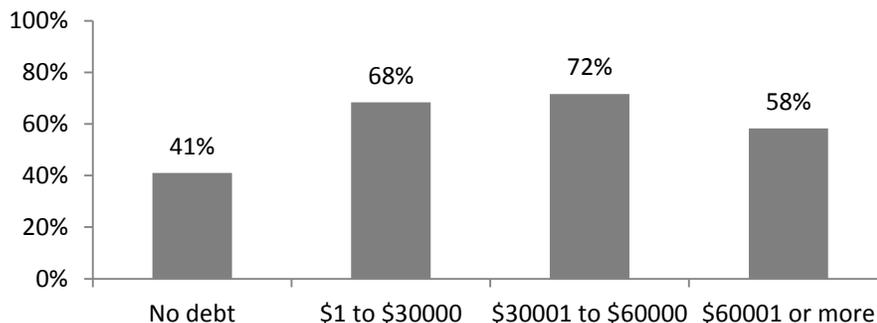
**Figure 28. Percent of respondents reporting that a member of their congregation (other than the pastor) has attended seminary within the past five years by level of pastor's education debt**



As it pertained to financial support from congregations to seminaries, competing hypotheses have been suggested. Some have proposed that congregations of pastors with high debt would be less likely to give financially to seminaries because the pastor would speak negatively about his or her seminary experience. Alternatively, it has been suggested congregations with pastors with high educational debt would be more likely to give to seminaries because they understand more clearly the financial struggles faced by seminarians.

Results from the Congregational Evaluation Survey provided some evidence for the latter hypothesis. Of the congregations who responded to the survey, 61 percent have financially supported a seminary in the past five years. Congregations of pastors with no debt were the least likely to report financially supporting a seminary (41%) (See Figure 29).

**Figure 29. Percent of respondents reporting that their congregation has given directly to a seminary within the past 5 years by level of pastor's education debt**



#### Students Basing Seminary Decisions on Finances

##### *Fewer Students Considering Seminary for Financial Reasons*

Another hypothesis being posited is that as information about the financial difficulties of seminarians spreads, fewer individuals will entertain the possibility of a career as a pastor. Survey results on this topic were relatively consistent. According to the Career Characteristics Importance Survey, 39 percent of respondents said they had considered being a pastor at some point in their lives. Those who never considered being a pastor reported reasons other than finances for their decision much more frequently. The three most common reasons that respondents indicated for not considering a career as

a pastor were specific interest in another career (77%), thinking that they would not be a good pastor (47%), and an overall lack of interest in being a pastor (37%). The reasons were the same for respondents who had considered being a pastor at one time, but were no longer considering it.

Additionally, when selecting the most important aspects of a career, respondents generally placed a high salary toward the low end of importance. Thirty-two percent rated a high salary as important or very important. Twenty-three percent of those who had considered being pastors thought a high salary was important or very important, compared to 38 percent of those who never considered being a pastor. Findings from the First-Year Student Survey suggested a high salary was not important to those who had actually enrolled in seminary. Nine percent of respondents indicated it was important or very important.

#### *Fewer Students Choosing to Attend Seminary*

One of the main goals of theological education is to prepare leaders to serve the church. If, following graduation, these new graduates are unable to serve due to high levels of debt or low salaries, this goal remains unfulfilled. If potential applicants do not believe the career of pastor is financially viable over the long run, they may look for other ways to do similar work.

Recent trends suggest a decrease in enrollment in M.Div. programs among students in North America in general (Wheeler, Ruger, & Miller, 2013)<sup>34</sup>, as well as within the ELCA specifically<sup>35</sup>. Though there are certainly explanations for this decline other than finances, financial concerns cannot be discounted as a reason for fewer students pursuing M.Div. degrees.

#### *Students Choosing the Seminary for Reasons of Cost*

If applicants knew the relative costs of seminaries, they may make different choices than if this information remained hidden. Ruger, et al. (2005) suggested that the market may reward those schools whose students graduate with the lowest levels of debt. Though this may be the case in some situations, it would not always be the case. Students' commitment to a location or a particular school could override their desire to graduate with a lower level of debt.

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<sup>34</sup> Wheeler, B.G., Ruger, A.T. & Miller, S. L. (2013). *Theological student enrollment: A special report from the Auburn Center for the study of theological education*. Auburn Theological Seminary: New York, NY.

<sup>35</sup> Stewards of Abundance: Comparison of 2006, 2009, 2011, 2012 & 2013 Graduate Debt and Aid

## Efforts in Progress to Address Debt

### Financial Education Programs

#### *Financial Coaching*

Although financial education has been implemented using several different formats, the most common method of financial education across the ELCA seminary system is financial coaching. Financial coaching relationships pair a student with a rostered leader or lay person, who receives training from the seminary to be a financial coach. The pair work one-on-one on financial issues of interest to the student. In 2011, before the Stewards of Abundance grant funding had been disbursed, three ELCA seminaries (PLTS, Gettysburg, Luther) had established financial coaching programs. At that time, 25 percent of respondents to the Financial Education Survey (2011) said that they had been involved in financial coaching while in seminary. The 2011-12 academic year was the first in which financial education programs were started or enhanced using Stewards of Abundance funding. Responses to the Financial Education Survey (2012) revealed the percentage of respondents participating in financial coaching had increased to 33 percent. The Financial Education and Wellness Survey (2013) showed the percentage increased again to 36 percent. It appears that the initial excitement around financial education persisted through the second year of the program.

According to the Financial Education and Wellness Survey, the three seminaries with the most established programs showed the most respondent involvement. Nearly two-thirds (64%) of respondents from PLTS reported participation in financial coaching, as did roughly half of respondents from Gettysburg and Luther (51% and 47%, respectively). Of the two seminaries with the lowest percentage of respondents involved in financial coaching, one did not use its funding to support a formal financial coaching program, and the other began its program during the second half of the Spring 2013 semester.

#### Student Participation

*Decision to Participate.* Students' concern about their financial future was the most common reason for their participation in financial coaching. Across the three years studied, concern for one's financial future was indicated by no less than 73 percent of respondents as a reason for their participation in financial coaching (2011: 79%; 2012: 81%; 2013: 73%).

Students were not only concerned about their financial future, but also about their present financial circumstances. At least sixty percent of respondents in 2011 (60%), 2012 (67%) and 2013 (63%) cited this as a reason for their participation in financial coaching.

The majority of participants in financial coaching also indicated that they did so because it was recommended by a seminary official. The percentage of responding participants who provided this reason did not increase when programs were begun at all of the seminaries (2011: 57%; 2012: 53%; 2013: 54%). Although this may seem to suggest that the efforts of seminary officials are not effective, this is unlikely. Rather, the data suggest that approximately half of students across the system were influenced by the efforts of seminary officials. At some seminaries, this may be the ceiling. The other half of students may need additional reasoning for participation in

financial coaching. Stronger efforts by seminary faculty and administrators may be able to drive up this percentage. In 2013, 86 percent of respondents from PLTS—where extreme measures to involve students were taken—reported that they participated in financial coaching because it was encouraged by a seminary official.

One of the goals of Stewards of Abundance was to increase and improve the conversations about the financial situation of seminarians. It was expected that candidacy committees would play a role in this discussion. A relatively small percentage of respondents to the Financial Education and Wellness Survey indicated that their candidacy committees encouraged them to participate in financial coaching (19%). This percentage may serve as a baseline going forward, as the impacts of Stewards of Abundance efforts continue to be measured.

*Decision not to Participate.* Twenty-six percent of respondents to the Financial Education and Wellness Survey said that they did not take advantage of financial coaching because they were unaware of the opportunity at their seminary. This reason had decreased in frequency from 46 percent in 2011 and 34 percent in 2012, likely due to the fact that most of the seminaries had begun or enhanced their financial coaching programs and the advertisement of these programs.

A segment of the student population said that they chose not to participate in financial coaching because they were not concerned about their finances. The percentage of respondents providing this reason was relatively low in 2011 (13%) and 2012 (12%), before increasing in 2013 (23%). Once financial coaching was introduced and advertised at nearly all seminaries, it seems that explanations for lack of participation shifted, likely out of necessity. It is possible that some of the students who previously indicated that the opportunity for financial coaching was not available acknowledged that they were not concerned about their finances after financial coaching became available. Another possible explanation is that students may not be as concerned about their finances at the beginning of their seminary career (i.e., when they are juniors and middlers). However, results from this survey do not support this assertion. Respondents to the Financial Education and Wellness Survey who were in their first two years were equally likely to say that they did not participate in financial coaching because they were not concerned about their finances, compared to students in their third year or later (22%, compared to 23%).

Other common explanations students provided for not participating in financial coaching were that they were unable to fit it into their schedules or that they did not have time for it. Because financial coaches generally worked around the schedules of the students, it was more understandable for respondents to say that it took too much time. However, among respondents to the Financial Education and Wellness Survey, this response was given by only eight percent of respondents, compared to 23 percent of respondents who indicated that it did not fit with their schedule. Prior to 2013, these two explanations were combined; in both years, fewer respondents indicated these explanations (2011: 17%; 2012: 19%). Again, respondents seemed to be more likely to provide these as explanations for not participating in financial coaching than they had previously.

A small percentage of respondents in each year said that they did not believe that financial coaching would help, and they did not participate for that reason (2011: 13%; 2012: 12%; 2013: 9%).

#### Experience of Financial Coaching

*Communication with a Financial Coach.* Nearly all respondents who participated in financial coaching (2012: 89%; 2013: 87%) reported they were using a coach recommended to them by the seminary. The percentage of students who indicated they used a coach recommended to them by the seminary increased 15 points (from 74% in 2011) after financial coaching programs were instituted throughout the seminary system.

As the percentage of students using coaches recommended to them by the seminary increased, the percentage of students working with a coach they had found on their own decreased, from 16 percent in 2011 to 9 percent in 2012, before leveling out to 7 percent in 2013.

Nearly two-thirds of respondents in 2012 and in 2013 indicated that they had been in contact with their coach and that they had used email to communicate with their financial coach. It was assumed that this percentage would be closer to 100, given that the sample discussed here are respondents who indicated that they had participated in financial coaching. Respondents may have interpreted “using” a financial coach to mean that they had been assigned a financial coach, even if they had never met with him or her.

*Assignments from a Financial Coach.* Over 70 percent of the respondents to the Financial Education Survey (2012) who participated in financial coaching indicated that they had received and completed at least one assignment from their financial coach, and nearly 60 percent had received reading material or links to materials from their financial coach. These numbers declined for all activities in 2013. Although more respondents overall reported participating in financial coaching, the percentage doing “homework” decreased. It is possible that a higher percentage of students signed up for coaches in 2013, including students who were unable to follow through with the relationship.

*Advice from a Financial Coach.* The patterns among responses related to advice from a financial coach suggest a story of positive change from 2011 to 2012 and of regression between 2012 and 2013. In 2011, 69 percent of respondents to the Financial Education Survey said that they had received practical advice from their coach, and 59 percent said that they had actually used advice provided by a coach. Both of these percentages increased more than 13 points in 2012, before falling in 2013 to levels below 2011. The percentage of respondents who said that they felt free to discuss any financial concern with their coach followed the same pattern (2011: 68%; 2012: 74%; 2013: 67%). These patterns may again suggest that, although a higher percentage of respondents indicated they had participated in financial coaching in 2013, the percentage dedicated to the work did not similarly increase. None of these patterns were driven by any one school; rather, nearly all schools were stable or showed increases between 2011 and 2012 and were stable or showed decreases between 2012 and 2013.

*Response to Financial Coaching.* Overall, respondents to the Financial Education and Wellness Survey reported that financial coaching was a very positive experience. Nearly all students said their coach listened to them (99%), they could trust their coach (98%), their coach did not judge them for their level of debt (92%), and their coach was a good match for them (89%).

Additionally, the majority of students confirmed that coaching was student-centered, as it was designed. Ninety percent of respondents indicated their coach addressed their financial concerns, compared to thirty-six percent of students who said that their coach came to coaching sessions with a set curriculum. Although both could certainly happen in the same coaching relationship, it appears students’ needs and desires were the primary driver of the relationship.

#### Student Interests

When respondents were asked what they wanted to learn in a financial coaching relationship, they most frequently indicated the desire to learn about budgeting/managing spending, options for reducing debt, and savings and investment strategies (See Table 13). These issues were related more to the nuts and bolts of finances, as opposed to issues directly related to teaching stewardship.

**Table 13. Topics of Interest among Students Involved in Financial Coaching**

	2011	2012	2013
Budgeting/Managing spending	65%	69%	60%
Options for reducing debt	46%	56%	53%
Savings and/or investment strategies	55%	46%	53%
How to be a good steward in order to teach stewardship	53%	56%	47%
How to think more intentionally about money	-	49%	37%
Options related to pensions/retirement	34%	33%	34%

#### Topics Addressed by Coaches

Nine out of ten respondents interested in budgeting/managing spending addressed this topic with their coaches. This was a consistent finding across each of the three years studied. Additionally, more than three-quarters of respondents in 2012 and 2013 who were interested in thinking more intentionally about money addressed this topic with their coaches. There was an increase in the percentage of interested respondents who addressed the topic of how to be a good steward in order to teach stewardship, from 59 percent in 2011 to 73 percent in 2013.

### Improvement on Financial Topics

If issues were addressed by their coaches, in nearly every case, the majority of respondents to the Financial Education and Wellness Survey reported improvement in understanding. The highest percentage of respondents said that they had improved understanding in:

- How to be a good steward in order to teach stewardship to others (93%);
- Information on compensation packages including salary and housing allowances (88%);
- How to think intentionally about money (88%);
- Budgeting/Managing spending (76%);
- Credit scores and how to improve them (73%); and
- Scholarship information (71%).

Students who had their options for health insurance addressed were unlikely to report that their knowledge improved (33%). It is possible coaches did not have enough information to provide real advice or assistance in a situation like this, or alternatively, because there were not many options for seminary students when it came to health insurance, coaches were unable to help students improve their knowledge about the topic.

### Other Mentorship

When asked if they wanted their financial coach to provide mentorship outside of finances (e.g., advice for how to lead a congregation), 42 percent of respondents to the Financial Education Survey (2012) agreed that they would, and 56 percent indicated that their coaches actually provided this type of mentorship. Both percentages increased among respondents to the Financial Education and Wellness Survey; 50 percent of respondents wanted additional mentorship and 62 percent received it. In both years, the percentage of respondents who received additional mentorship was higher than the percentage who wanted it. Looking specifically at those who said they wanted additional mentorship, among 2013 respondents, 97 percent said that they received this type of mentorship. Of those who said that they did not want to receive this type of mentorship, 26 percent said that they still received it.

### *Financial Wellness Seminars/Workshops*

Sometimes used as an introduction to financial coaching and sometimes used in its place, the majority of seminaries also held financial wellness seminars and workshops. Seminaries held a variety of different workshops, some providing instruction on general financial topics (e.g., how money can work for you; stewardship), while others focused on specific topics (e.g., scholarship-searching). Additionally, one seminary offered Financial Peace University, a DVD and discussion series which intends to teach participants how to make sound financial decisions and manage finances from the standpoint of stewards.

Forty-seven percent of respondents to the Financial Education Survey (2011) said that they had attended at least one of these seminars while at seminary. This percentage increased to 54 percent among respondents in 2012; however, only 46 percent of respondents in 2013 reported participating in a financial seminar/workshop during seminary. It is possible students were participating in other forms

of financial education (e.g., financial coaching), thus decreasing the participation in seminars/workshops. Alternatively, it is possible that financial education had lost some of its novelty and initial enthusiasm brought on by an influx of funding from Stewards of Abundance funding and energy from seminary administrators and faculty during the 2011-12 academic year. In either case, as opposed to participation in financial coaching, which showed additional increases from 2012 to 2013, participation in financial wellness seminars/workshops experienced a dip in 2013.

In 2013, more than half of the respondents at five seminaries reported that they had participated in a financial wellness workshop/seminar during seminary. The highest percentage of respondents to the Financial Education and Wellness Survey (86%) came from one of the seminaries which holds a Personal Finance Workshop during the first week of the academic year. The percent of students participating ranged from 50 to 58 percent at four seminaries. Respondents at the final three seminaries were somewhat less likely to report participation in financial seminars/workshops (34%, 29%, and 19%). The seminary with the lowest participation did not hold a specific financial seminar.

#### Student Participation

*Decision to Participate.* Respondents to the Financial Education and Wellness Survey indicated various reasons for their participation in financial wellness seminars/workshops, though the most common matched those for financial coaching: concern about their financial future (77%) and concern about their current financial circumstances (56%). Additionally, half of students mentioned that a seminary official recommended that they attend. Similar to financial coaching, a relatively small percentage of respondents indicated that their candidacy committees encouraged them to participate in financial wellness seminars/workshops (19%).

*Decision not to Participate.* Thirty-eight percent of respondents to the Financial Education and Wellness Survey indicated that they did not take advantage of the financial seminars/workshops at their seminaries because they were unaware of the opportunity. There was not a large discrepancy in this response among the seminaries. Respondents also indicated with some frequency (38%) that they did not attend financial seminars or workshops because the seminars did not fit with their schedules.

#### Student Interests

When respondents to the Financial Education and Wellness Survey were asked what they wanted to learn in financial seminars/workshops, they most frequently indicated the topics of how to be a good steward in order to teach stewardship, and budgeting/managing spending (See Table 14). These areas seem to match the two major areas that had been anecdotally reported by seminary officials as those of greatest interest to students: congregational stewardship and financial nuts and bolts.

**Table 14. Topics of Interest among Students Involved in Financial Wellness Seminars/Workshops**

% of respondents reporting interest in a topic	2013
How to be a good steward in order to teach stewardship	63%
Budgeting/Managing spending	58%
Savings and/or investment strategies	55%
How to think more intentionally about money	53%
Options for reducing debt	51%
Options related to pensions/retirement	50%

#### Topics Addressed in Seminars/Workshops

Budgeting/managing spending was the area most likely to be addressed in a financial seminar/workshop (60 percent of respondents to the Financial Education and Wellness Survey reported it was addressed). Among respondents who were interested in the topic of budgeting/managing spending, 72 percent of respondents said that a seminar/workshop addressed this issue.

Additionally, seminars/workshops addressed several other topics of interest to a high percentage of respondents. Of the respondents who were interested in the following topics, a large percent indicated that a seminar/workshop provided them with information about:

- How to think more intentionally about money (65%)
- How to be a good steward in order to teach stewardship (58%)

Other topics were not generally covered in seminars/workshops. Of the students who wanted to learn about the following topics from seminars/workshops, less than half actually did.

- Savings and/or investment strategies (47%)
- Options related to pensions/retirement (44%)
- Options for reducing debt (44%)
- Information on compensation packages including salary and housing allowances (38%)
- What makes up credit scores and how to improve them (36%)
- Options related to health insurance (36%)
- Scholarship information (19%)

Some of these topics may have been a better fit for a discussion between a student and his or her financial coach, as they may dive deeper into specifics that are difficult to cover in a seminar or workshop.

#### Improvement on Financial Topics

If issues were addressed in a seminar/workshop, the majority of respondents to the Financial Education and Wellness Survey reported improvement in understanding on nearly every issue. The highest percentage of respondents said that they had improved understanding in:

- How to think intentionally about money (86%);
- How to be a good steward in order to teach stewardship to others (84%);
- Options related to pensions/retirement (76%);
- Information on compensation packages including salary and housing allowances (75%);  
and
- Budgeting/Managing spending (70%).

*Comparing Financial Seminars/Workshops and Coaching*

Comparing students’ interests for those who participated in financial coaching and those who attended financial wellness seminars/workshops revealed both similarities and differences. A topic that was common among both sets of respondents was budgeting/managing spending. This was the topic that respondents involved in financial coaching most wanted to address, and the second most important for those who attended seminars/workshops.

For those who participated in financial seminars/workshops, the most commonly desired topic was learning about stewardship in order to teach stewardship. The majority of those who participated in financial coaching did not include stewardship as a topic that they wished to address.

In addition to being a topic of interest to students, budgeting/managing spending was the topic that was most likely to be addressed in both financial seminars/workshops and financial coaching. It appears that budgeting/managing spending may be a gateway topic that seminaries and financial coaches believe must be discussed before other topics can be addressed.

*Other Methods of Financial Education*

In addition to finding financial education through seminars, workshops, and financial coaching, respondents said that they were likely to receive financial counseling from a financial aid officer. As had been seen with other types of financial education previously, the percentage of respondents reporting that they had received this type of financial education was highest in 2012. Other types of financial education and financial counseling were not as common; less than 30 percent of respondents generally received financial education through these channels across the three years measures (See Table 15).

**Table 15. Other Methods of Financial Education**

	2011	2012	2013
Received financial counseling from a financial aid officer	29%	40%	26%
Taken an academic course with a segment on finances	16%	22%	19%
Received financial counseling from a financial planner	24%	27%	15%
Received financial advice from an investment counselor	19%	16%	12%
Received some other type of financial education	11%	16%	12%

*Deciding not to Participate in Financial Education*

Twenty-one percent of respondents indicated that they did not participate in any sort of financial education during seminary. Of these, 42 percent said that they did not participate in financial education because they did not know about the opportunity. Twenty-six percent said that the opportunity for financial education did not exist at their seminary.

### *Requiring Financial Education*

Once students had been informed that opportunities for financial education exist at their seminaries, one of their main reasons for not participating was that it does not fit into their schedules. Some seminary administrators have suggested that one way to make financial education fit into students' schedules is to require it. At the same time, some of the same administrators as well as students have suggested that adding financial education to a student's academic plate does not make other work disappear; likely, then, it would be an extra burden. With that in mind, respondents to the Financial Education and Wellness survey were asked their reaction if financial education were required. Forty-seven percent of respondents suggested that it would be easier to fit financial education into their schedules if it were required. The same percentage of respondents said that they would happily participate if financial education were required. These percentages were considerably higher than the percentages of students responding negatively. Nineteen percent of students said that they would participate begrudgingly if financial education were required. Thirteen percent said that financial education would be a burden if it were required. Seven percent said that they would look for ways to get out of required financial education. These findings were somewhat surprising as they didn't match with anecdotal evidence on a requirement for financial education. Student interviews suggested that a higher percentage of students would be unwilling to participate in financial education than was reflected in these results. It is possible, however, that respondents assumed that a requirement for financial education would take the place of other requirements, thus not increasing their workload. If this were the case, the findings are more easily explainable.

### *Comparing those Involved and Not Involved in Financial Education*

Many respondents self-reported improved understanding on topics addressed by their financial coaches and in financial wellness seminars and workshops. It was expected that financial education would not only impact students' knowledge about these specific financial topics, but that it might also influence students' more general knowledge of finances.

**Paying Off Debt.** When comparisons were made between respondents to the Financial Education and Wellness Survey who had participated in financial education and those who had not, there did not seem to be any significant differences in their knowledge of paying off their debt. A similar percentage of respondents from both groups reported that they had an accurate estimate of the percentage of their monthly income going toward debt payments like car and credit card, as well as an accurate estimate of how much their monthly educational debt payment would be once they finished seminary.

**Personal Finances.** Compared to respondents who had not participated in financial education, students who had participated in financial education generally reported that they were as proficient or more proficient in aspects of personal finance (See Table 16).

**Table 16. Perspective on Personal Financial Knowledge**

% with proficient knowledge	Participant	Not a Participant
The way in which your family history influences your current perspectives about money	79%	71%
Managing your own finances	77%	68%
Talking openly about your financial circumstances	76%	65%
Your credit score	62%	59%

Congregational Finances. Similar to with personal finances, respondents who had participated in financial education generally reported being as proficient or having greater proficiency in their knowledge of congregational finances than those who had not participated in financial education (See Table 17).

**Table 17. Perspective on Congregational Financial Knowledge**

% with proficient knowledge	Participant	Not a Participant
Fostering a climate that supports others as they explore their relationship with money	64%	50%
Assessing a congregation's stewardship culture	49%	44%
Understanding how a congregation's finances, such as budget and risk management, impact the mission of a congregation	47%	39%
Assessing a congregation's finances	42%	36%

Investing. The pattern on topics of investing was not as clear when comparing those who participated in financial education and those who did not. In most cases, the percentages of respondents reporting proficiency differed very little for those who had participated in financial education compared to those who had not. It seems, then, that any understanding gained through financial education did not extend to topics of investing (See Table 18).

**Table 18. Perspective on Investing Knowledge**

% with proficient knowledge	Participant	Not a Participant
Advantages and disadvantages of investing in stocks	50%	44%
Long-term investment strategies	38%	43%
The way financial markets operate	35%	36%
The amount of money you need to save for your retirement	31%	37%

Financial Comfort. When comparing the responses from those who had participated in financial education with those who had not, no considerable differences could be noted on topics of financial comfort. Both groups reported similar average comfort levels with their credit balances and credit limits, as well as satisfaction with their current level of savings. Additionally, there was little difference between the average responses of the groups on what they had to sacrifice because of a lack of income. The groups also reported similar worry about their ability to pay off their debts.

### *Behavioral Improvement from Financial Education*

Beyond knowledge gains from financial education, it was expected that there would be changes in financial behaviors, away from those which are risky and toward those which are beneficial. Although financial knowledge gains were more pronounced, some respondents reported improvements on certain financial behaviors. It is assumed that these behavioral improvements suggest a trend toward overall improved financial wellness among those who have participated in financial education.

Nearly half of respondents to the Financial Education and Wellness Survey who had participated in financial education said that they shopped less as a form of entertainment and were less likely to make decisions on the spot to buy items (See Table 19). Additionally, responses from students in 2013 were more likely to suggest that the culture around risky financial behaviors was changing; a higher percentage of these respondents indicated that they engaged in risky financial behaviors less often than they had previously, compared to respondents in 2011. Results had been more favorable yet among respondents in 2012. It is possible that these students were more likely to have changed their behaviors due to the particularly strong enthusiasm behind financial education experienced throughout the ELCA seminary system during the 2011-12 academic year.

Furthermore, respondents in 2013 indicated that they were more likely to engage in positive financial behaviors (See Table 20). Thirty-nine percent of respondents in 2013 said that they were more likely to create a budget after participating in financial education, and 23 percent said that they were more likely to comparison shop before making a large purchase. Although these numbers may be somewhat lower than what may have been desired, it does suggest that respondents were thinking more about their money and how it was spent.

Another encouraging finding was that nearly thirty percent of respondents in 2013 indicated that they tithe more now than they did before receiving financial education. This could be the result of a change in thinking, in priorities, or in income available to be shared.

**Table 19. Percent doing Risky Financial Behaviors Less Often**

% doing behavior less often	2011	2012	2013
Shop as a form of entertainment	30%	57%	46%
Make decisions on the spot to buy items	31%	49%	44%
Spend at or near your credit limits	35%	48%	43%
Incur an additional fee for paying a bill late	20%	51%	43%
Run out of cash before your next paycheck (or other source of income) arrives	28%	42%	41%
Borrow money to pay off debts	22%	41%	32%

**Table 20. Percent doing Positive Financial Behaviors More Often**

% doing behavior more often	2013
Create a budget that identifies all your income and expenses	39%
Tithe my finances	29%
Comparison shop before making a large purchase	23%

To additionally assess the impact of financial education on financial behaviors, we again compared the responses from the Financial Education and Wellness Survey for those who participated in financial education with those who did not. In general, there was not considerable difference in the financial behaviors of the two groups (See Tables 21 and 22). Those who had participated in financial education were slightly less likely to run out of cash before their next paycheck arrived. Additionally, they were more likely to create a budget. However, they were also slightly more likely to borrow money to pay off their debts. With respect to this finding, it is important to note that financial education does not likely lead to borrowing money to pay off debts. Rather, it is possible that those who borrowed money to pay off debts (including those who borrowed educational loans) were more likely to seek financial education than those who did not.

**Table 21. Comparing the risky financial behaviors of those who have participated in financial education in seminary and those who have not**

% never doing behavior	Participant	Not a Participant
Borrow money to pay off debts	77%	83%
Spend at or near your credit limits	77%	77%
Incur an additional fee for paying a bill late	64%	62%
Run out of cash before your next paycheck (or other source of income) arrives	60%	54%
Shop as a form of entertainment	42%	43%
Make decisions on the spot to buy items	6%	5%

**Table 22. Comparing the positive financial behaviors of those who have participated in financial education in seminary and those who have not**

% doing behavior at least monthly	Participant	Not a Participant
Tithe my finances	55%	54%
Comparison shop before making a large purchase	38%	39%
Create a budget that identifies all your income and expenses	34%	21%

*Summary*

All of the questions regarding the effectiveness of the seminaries’ financial education programs and the impact they are having on seminary students cannot be answered here. With that being said, in 2013, the percentage of students reporting proficient knowledge on topics of personal and congregational finances had increased from 2011, potentially indicating greater financial knowledge among the student body. These percentages were yet higher among students who had participated in financial education compared to those who had not.

Financial behaviors seem to have been impacted to a lesser degree. Those who had participated in financial education efforts reported behavioral change, but there were not strong indications of a culture shift toward more financially responsible behaviors among those who had not participated in formal financial education.

It appears that financial education is making a difference in the knowledge that students have about financial topics; participating in financial education may also be somewhat effective in changing negative financial behaviors, to the extent that this is possible.

## Grants and Scholarships

### *Methods of Financing Seminary*

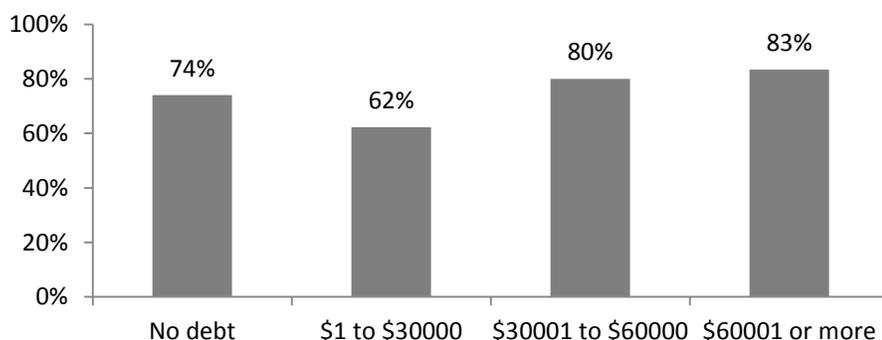
Respondents to the Financial Education and Wellness Survey reported receiving grant and scholarship aid from a number of different channels. Congregational support and scholarships (including institutional aid) were the most common; in 2013, each was relied upon by two-thirds of respondents. The percentage of respondents reporting they received congregational support remained relatively unchanged from 2011, though the percentage of respondents reporting they received scholarships to fund theological education increased 11 points (See Table 23).

**Table 23. Common ways to finance seminary and living expenses**

% of respondents financing seminary with these sources	2011	2013
Congregational support	69%	67%
Scholarships	56%	67%

Information regarding different methods of support was also sought from recent graduates. Seventy-five percent of the pastors who responded to the Pastors' Impact Survey reported they received aid from a congregation during seminary. Congregational support was the most common type of aid students reported receiving during seminary, though the percentage of students receiving this aid varied by debt level (See Figure 30). Those with the highest levels of debt were as likely, if not more so, to have received support from their congregations as those with lesser amounts of debt.

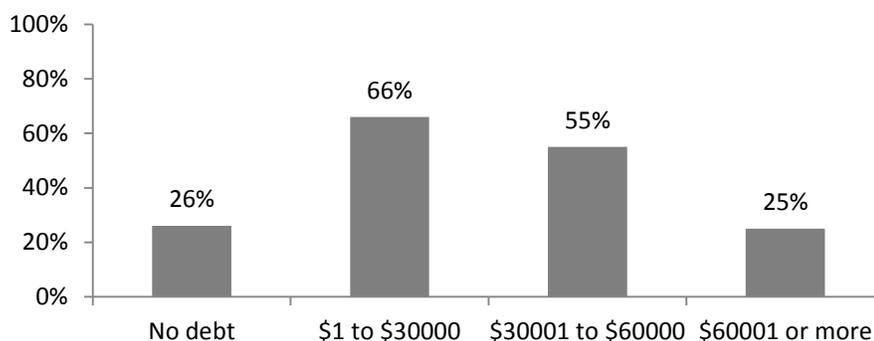
**Figure 30. Percent of pastors who received congregational aid during seminary by level of educational debt**



From the same survey, 48 percent of responding pastors reported receiving scholarship funding in seminary. Scholarship funding varied considerably by level of educational debt (See Figure 31), though pastors who graduated from seminary with no debt and those who graduated with the highest levels of debt were the least likely to receive scholarship funding (26% and 25%, respectively). Those with a lower level of educational debt (less than \$30,000) were the most likely to have received scholarship funding (66%). It is possible that those with no educational debt may not have been eligible for some scholarship funding, as many of these awards are need-based. For students with more than \$60,000 in

educational debt, their lack of scholarship funding may have increased the borrowing they needed to do, thus driving their loan amounts higher.

**Figure 31. Percent of pastors reporting receiving scholarship funding by level of educational debt**



### *Theological Grant and Scholarship Aid*

Stewards of Abundance examined trends in grant and scholarship aid among M.Div. graduates from ELCA seminaries. These aid audits revealed that nearly all graduates received some form of grant or scholarship aid during seminary. In 2006—the first year audited—99 percent of graduates received aid; the percentages remained in the high nineties in each subsequent audit (2009, 2012, and 2013), ranging from 96 percent to 98 percent.

Although the percentage of graduates receiving grant and scholarship aid remained nearly unchanged, the average amount of aid received per graduate increased. Since 2006, this figure was highest in 2013 at \$31,091 and had increased 19 percent from 2006. When controlling for inflation, average aid received per graduate increased 2 percent (from \$30,348 to \$31,091 in 2013 dollars).

Given that nearly all graduates received grant or scholarship aid, the pattern when looking at only recipients is very similar to all graduates. Between 2006 and 2013, average aid per recipient increased 21 percent (from \$26,334 to \$31,806). When controlling for inflation, the change is considerably flatter, increasing 4 percent (from \$30,585 to \$31,806 in 2013 dollars).

**Table 24. Average Theological Grant and Scholarship Aid Received by ELCA Master of Divinity Graduates**

	Percent receiving grant or scholarship aid	All Graduates		Recipients	
		Average	N	Average	N
2006	99%	\$26,130	259	\$26,334	257
2009	98%	\$27,024	262	\$27,552	256
2012	96%	\$29,351	248	\$30,457	239
2013	98%	\$31,091	179 <sup>36</sup>	\$31,806	174 <sup>37</sup>

<sup>36</sup> Figures were incomplete for one seminary.

<sup>37</sup> Figures were incomplete for one seminary.

### *Strategic Scholarship*

One of the specific efforts undertaken by Stewards of Abundance to reduce seminarian debt was the creation of a strategic scholarship program. The intent of this program was to prevent future seminarian debt from being incurred by receiving scholarship dollars and leveraging mandatory financial education.

Because the goal of this scholarship program was the strategic distribution of dollars—focusing on those students with a projected level of debt above the Level of Concern (discussed previously), but without projected debt of such a high level that the scholarship dollars would make little impact on the amount of debt the students would incur—eligibility parameters were created to determine the students who would receive these scholarships. The program had sufficient funding to provide two installments of a scholarship to a group of 2014 graduates (called Cohort A) in their middler and senior years, and one installment to a group of 2015 graduates (called Cohort B) provided during their middler year.

Projected debt of each student was determined by the Financial Aid Directors at each of the seminaries, who analyzed students' borrowing in their first year of seminary and made estimations about what these students would borrow in each of the following years. The projections were then combined with any remaining undergraduate or other graduate debt carried by the students. The amounts of their projected debt placed students into various recipient categories. Each category corresponded to a particular amount of scholarship which would be received by the student, ranging in the first year of the program from \$4,000 to \$21,716 (paid in two equal installments of half this amount).

Scholarship recipients were required to participate in financial education, with the expectation that they would be able to use the information learned there to further reduce their borrowing. The initial assumption was that students would be able to reduce their borrowing by an amount equal to half of their scholarship through financial education.

After the first year of the strategic scholarship program, some changes were made to the eligibility qualifications in an attempt to shift greater emphasis to debt prevention. Focus was placed on students who had large amounts of projected debt, rather than already high levels of incurred debt. Additionally, the percentage of leverage expected from financial education was adjusted; students who received higher scholarship amounts were not expected to display the same degree of leverage as those receiving lower scholarship amounts. This necessitated an adjustment in the scholarship amounts for Cohort B. These amounts ranged from \$2,400 to \$13,050 (paid in a single installment).

At present, research on the impact of the scholarship program is ongoing and final conclusions about its effectiveness cannot be determined. Borrowing figures at graduation for recipients in both Cohort A (to be received in Spring 2014) and Cohort B (to be received in Spring 2015) will inform these conclusions.

## Efforts of Seminaries to Advocate for Theological Education

As mentioned previously, many lay leaders in ELCA congregations and even some rostered leaders do not possess a strong working knowledge of how seminary education is funded in the ELCA<sup>38</sup>. In order to address these issues, Stewards of Abundance granted funding to each ELCA seminary for the development of a Cadre of Volunteer Advocates for Theological Education (CVATE). The CVATE programs were intended to enhance the knowledge of ELCA members about the seminary system and to share the importance of theological education in creating leaders that will serve the church in the future through the spread of the gospel. Through their own experiences, seminaries assumed that greater knowledge on the part of ELCA members would inspire these members to increase their support of seminaries and seminarians.

Each seminary worked separately to develop its own CVATE project. The activities undertaken by each seminary were distinct, but fell into four general categories:

- Inviting those who otherwise would have little connection with the seminary to visit the campus;
- Providing training to individuals who already had a connection to the seminary, allowing them to engage in more informed advocacy;
- Sharing information about the seminary experience by sending seminary staff and students to gatherings of ELCA members; and
- Enabling seminary advocates to gather together in locations outside the geographic area of the seminary.

### *Inviting Visitors to Campus*

Four seminaries sought to develop advocates by inviting them to campus. For many visitors, this was their first visit to an ELCA seminary, so it provided the seminaries with the opportunity to share relevant information about themselves and the lives of seminarians with an audience previously unacquainted with this information. The ways that this information was shared were unique to the seminary, though each included interactions with seminarians and seminary professors, as well as time for worship, education, meal and prayer. In general, these events have been received very positively; seminaries have reported that visitors have left the campus with the necessary energy to support theological education, through continued learning, donation and volunteerism.

### *Training Advocates for Theological Education*

Although some activities were designed to acquaint people with seminaries and theological education, other activities were designed to train those already acquainted with the seminary (e.g., alumni, donors, faculty and staff) to more effectively advocate for the support of theological education. At this point, six of the eight seminaries have designed and implemented or plan to implement programs to train volunteer advocates in how to communicate the value of theological education to those with less information and experience on these topics. Seminaries experienced the greatest amount of challenges with training advocates, compared to their other Stewards of Abundance efforts regarding volunteer

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<sup>38</sup> Survey of Seminary Awareness and Attitudes, 2013

advocacy. Challenges ranged from ineffective delivery of information on the part of the seminary to lack of follow-up on the part of the seminary and the advocates.

### *Sending Out Staff and Seminarians*

Across the ELCA seminary system, the role of advocate was filled by a number of different people. In some cases, seminary faculty and staff served as advocates. In others, seminary board members were those defined as advocates. At some seminaries, seminarians also acted as advocates. There was one commonality. At nearly every seminary, the responsibilities of advocates included leaving the seminary campus to share message of theological education. Several seminaries gathered leadership of synods and congregations together to hear their beliefs and opinions about theological education, as well as to share information with them about theological education and the life of the seminary. Other seminaries encouraged regional congregations to welcome representatives from the seminaries—faculty, staff and students—on certain Sundays throughout the year. The goal of these visits was to share information about theological education with these congregations and to help build and deepen relationships between the seminaries and the congregations.

### *Gathering Seminary Advocates in Synods*

In several cases, seminaries worked to create structures at the synodical level which would support their overall advocacy efforts. One seminary worked with synods to create Seminary Advocates Steering Committees, who were responsible for recruiting and training additional advocates for theological education. Two other seminaries equipped various board members to share information about theological education and encouraged them to organize gatherings in their own synod assemblies to talk about the challenges for theological education in the church, including funding.

### *Challenges*

In addition to the challenges around follow-up mentioned above, the most common barrier for seminaries in getting the CVATE project off the ground centered around seminary staffing. Four seminaries specifically mentioned a lack of staffing as a major challenge, and even though there were additional funds available for the project, these seminaries simply did not have the human resources to dedicate, particularly at the beginning of the grant period.

### *Factors Associated with Contributions to a Seminary*

As the CVATE project was underway, Stewards of Abundance sought to investigate the prevailing assumption that more knowledge of the ELCA seminary system on the part of the church membership would lead to greater support for seminaries and seminarians. This concurrent research had the potential to validate the anecdotal beliefs of seminary staff and add to the research literature on development work at the seminary level.

The findings from the Survey of Seminary Awareness and Attitudes suggested that this hypothesis received support for lay leaders and active clergy. Overall, 17 percent of the lay respondents reported making a contribution to an ELCA seminary in the last year. Among the lay respondents who answered none of the questions about seminaries and seminarians correctly, 10 percent said they had made a

contribution. Among those who answered one to three questions correctly, 19 percent contributed, and among those who answered four or more of the questions correctly, 38 percent contributed.

The same pattern also held for active clergy; 56 percent reported making a contribution to a seminary. The figure was lowest for respondents who did not provide any correct responses (35%) and highest for those who correctly answered four or more questions (60%).

The hypothesis did not receive support for retired clergy. Sixty-three percent of retired clergy supported seminaries, but the percentages were highest among those who did not answer any questions correctly and those who answered four or more questions correctly. Table 25 shows the relationship between the number of correct answers provided and the percent making a contribution to an ELCA seminary in the last year.

**Table 25. Relationship between Number of Questions Answered Correctly and Making a Contribution to an ELCA Seminary in the Last Year**

	Lay leaders (n = 313, 17% contributing overall)			Active clergy (n = 622, 56% contributing overall)			Retired clergy (n = 182, 63% contributing overall)		
	# of correct answers			# of correct answers			# of correct answers		
	None (n = 140; 45%)	One to three (n = 145; 46%)	Four or more (n = 29; 9%)	None (n = 20; 3%)	One to three (n = 364; 59%)	Four or more (n = 238; 38%)	None (n = 23; 13%)	One to three (n = 111; 61%)	Four or more (n = 48; 26%)
Percent contributing	10%	19%	38%	35%	54%	60%	74%	56%	73%

As mentioned previously, ELCA seminaries provide members and congregations with informational materials in an effort to improve knowledge of the seminary system and increase the likelihood of financial giving. The results of the Survey of Seminary Awareness and Attitudes suggested that lay respondents and retired clergy were more likely to make a financial gift when they receive more information about seminaries. Among the lay respondents who reported receiving no information from a seminary, 6 percent said they had made a contribution; this was compared to 20 percent of those who had received information once and 35 percent of those who received information more than once. For clergy, nearly all had received information at least once so the distinction was made between those receiving information one time versus those who received information more than once. Among the retired clergy, more information increased the likelihood of a contribution (69 percent compared to 53 percent); this was not the case for the active clergy. Table 26 shows the relationship between receiving information about a seminary within the last year and making a contribution within the last year.

**Table 26. Relationship between Receiving Any Information about an ELCA Seminary and Making a Contribution to an ELCA Seminary in the Last Year**

	Lay leaders (n = 309, 17% contributing overall)			Active clergy (n = 622, 56% contributing overall)			Retired clergy (n = 181, 62% contributing overall)		
	Received information?			Received information?			Received information?		
	No (n = 171; 55%)	Yes, once (n = 49; 16%)	Yes, more than once (n = 89; 29%)	No	Yes, once (n = 50; 8%)	Yes, more than once (n = 559; 90%)	No	Yes, once (n = 30; 17%)	Yes, more than once (n = 141; 78%)
Percent contributing	6%	20%	35%	-	58%	56%	-	53%	69%

Other efforts to improve member and congregational knowledge about and increase giving to seminaries and seminarians included setting up visits to seminaries and interactions with seminarians. The activity which had the most influence on a respondent's likelihood of contributing to a seminary was whether or not the respondent had visited a seminary in the past five years. This held for lay leaders, active clergy and retired clergy, with those who had visited being significantly more likely to donate (See Table 27). It was not known, however, if those who visited did so before or after making a gift to the seminary.

**Table 27. Relationship between Visiting a Seminary and Making a Contribution to an ELCA Seminary in the Last Year**

	Lay leaders (n = 313, 17% contributing overall)		Active clergy (n = 622, 56% contributing overall)		Retired clergy (n = 182, 62% contributing overall)	
	Visited a seminary?		Visited a seminary?		Visited a seminary?	
	No (n = 254; 81%)	Yes (n = 59; 19%)	No (n = 516; 83%)	Yes (n = 106; 17%)	No (n = 84; 46%)	Yes (n = 98; 54%)
Percent contributing	12%	34%	37%	59%	49%	74%

Another influential activity was having one's congregation visited by a seminarian. Active and retired clergy were significantly more likely to donate to seminaries if their congregations had been visited by a seminarian in the past five years, though the pattern was not seen to the same extent among lay leaders (See Table 28). Rather, for lay respondents, being part of a congregation that had served as an internship site in the past five years was an important activity associated with giving. Respondents in these congregations were significantly more likely to give to seminaries, though significant differences were not seen in the responses of active or retired clergy (See Table 29).

**Table 28. Relationship between Being Visited by a Seminarian and Making a Contribution to an ELCA Seminary in the Last Year**

	Lay leaders (n = 303, 17% contributing overall)		Active clergy (n = 618, 56% contributing overall)		Retired clergy (n = 175, 62% contributing overall)	
	Visited by a seminarian?		Visited by a seminarian?		Visited by a seminarian?	
	No (n = 145; 48%)	Yes (n = 158; 52%)	No (n = 284; 46%)	Yes (n = 334; 54%)	No (n = 86; 49%)	Yes (n = 89; 51%)
Percent contributing	14%	19%	50%	61%	53%	70%

**Table 29. Relationship between Serving as an Internship Site and Making a Contribution to an ELCA Seminary in the Last Year**

	Lay leaders (n = 304, 17% contributing overall)		Active clergy (n = 616, 56% contributing overall)		Retired clergy (n = 181, 62% contributing overall)	
	Served as an Internship Site?		Served as an Internship Site?		Served as an Internship Site?	
	No (n = 188; 62%)	Yes (n = 116; 38%)	No (n = 456; 74%)	Yes (n = 160; 26%)	No (n = 109; 60%)	Yes (n = 72; 40%)
Percent contributing	13%	23%	56%	54%	61%	64%

Finally, the findings of the Survey of Seminary Awareness and Attitudes showed that there was no statistically significant relationship between how often a pastor discussed his or her seminary experience and contributions to a seminary from the congregation served by that pastor<sup>39</sup>.

#### Increasing Knowledge to Increase Contributions

There was a clear relationship between knowledge about the system of theological education and contributions to support that system. Based on this relationship it would be reasonable to conclude that efforts to increase knowledge would likely increase contributions. At the same time, a significant percent of the lay respondents (17%) already reported making a contribution in the last year as did a majority of active (56%) and retired clergy (63%). Perhaps there is a limit to the proportion of persons in these groups that are open to efforts to increase knowledge.

Seminary development professionals may be skeptical when a limit is suggested, and they may be right to be; the results shown in Table 30 support the view there is room for increasing knowledge and potential contributions particularly among lay leaders. Seventy-seven percent of the lay respondents

<sup>39</sup> It was possible to identify the congregations of 470 of the 622 active clergy who responded to the questionnaire. In 2011, 71 of those congregations (15%) reported congregational contributions to an ELCA seminary.

who indicated it was important for them to be informed about seminaries<sup>40</sup> said they had not contributed to a seminary in the last year. For active and retired clergy, the percentages were substantially lower, but there remained a substantial number who said it was important for them to be informed yet did not contribute in the last year.

**Table 30. Relationship between Importance to Be Informed about ELCA Seminaries and Making a Contribution to an ELCA Seminary in the Last Year**

	Lay leaders (n = 309, 17% contributing overall)			Active clergy (n = 622, 56% contributing overall)			Retired clergy (n = 181, 63% contributing overall)		
	Important to be informed?			Important to be informed?			Important to be informed?		
	Not (1 or 2) (29%)	(3) (29%)	Very (4 or 5) (42%)	Not (1 or 2) (6%)	(3) (14%)	Very (4 or 5) (79%)	Not (1 or 2) (7%)	(3) (22%)	Very (4 or 5) (71%)
Percent contributing	5%	21%	23%	31%	42%	60%	31%	47%	71%

As to the institutional ecology of the ELCA, it was also clear that at the same time lay respondents were concerned about their congregations, many did not see those congregations playing a primary role in supporting theological education. The institutional ecology of the ELCA has depended upon contributions from congregations to support camps, campus ministries, social ministry organizations, synods and the churchwide organization. These contributions have been declining steadily for years, first as a proportion of total giving to congregations and then, more recently, in actual dollars. As congregations in this church continue to lose members, the costs of operating congregations per member will increase. If synods and the churchwide organization receive less, they too, like congregations, will have less to give in support of theological education. The majority of contributions to the system of theological education now come from other sources, such as gifts from individuals and foundations<sup>41</sup>. It is likely these other sources will become increasingly important without a significant shift in the current trend.

<sup>40</sup> Respondents provided responses on a 5-point scale from “Not important” to “Very Important.” Responses of 4 and 5 were categorized as “Important.”

<sup>41</sup> Evangelical Lutheran Church in America Seminaries. Financial Ratios – Fiscal Years 2008, 2009, 2010, 2011 and 2012. Baker Tilly Virchow Krause, LLP.

## **Future Research**

### Theological Education Advisory Council (TEAC)

In order to provide guidance to the church during the next two years as the pace of change in the seminaries increases, the ELCA has established the Theological Education Advisory Council (TEAC). Included in TEAC's mandate are discussions of the future of theological education in the ELCA.

Portions of the work begun during Stewards of Abundance will continue through the work of TEAC. In particular, this work will focus on investigating the financial realities around theological education, both for seminaries and seminarians.

### *Continued Debt Audits*

ELCA Research and Evaluation will continue to complete an annual debt and aid audit of graduating seminarians. These audits will allow for a more robust analysis of the trends in both educational debt and grant and scholarship aid among ELCA M.Div. graduates. When the debt audit of the 2015 graduating class is completed, Research and Evaluation will be able to show debt and aid data for 6 consecutive years, as well as draw comparisons back to the 2006 graduating class.

### *Level of Concern*

ELCA Research and Evaluation will also continue to calculate an annual Level of Concern figure, based on salary data provided by Portico Benefits Services. This Level of Concern figure will be compared to the educational debt incurred by graduates in order to determine the percentage of students above the level. Additionally, this figure will be shared on an annual basis with seminaries, candidacy committees, and other entities.

### Strategic Scholarship Study

The Stewards of Abundance Strategic Scholarship program was designed to target the largest possible number of seminarians with projected graduation debt above the Level of Concern, who also had a reasonable chance of reducing their projected debt to levels close to the Level of Concern by receiving the scholarship.

Research on the effectiveness of the scholarship program is ongoing. The original design of the program provided two installments of a scholarship to a set of 2014 graduates, and one installment of a scholarship to a set of 2015 graduates. It was assumed that the most stark differences and reductions would be seen at the time of graduation and potentially not before. Therefore, the goal of ELCA Research and Evaluation is to complete the project as originally proposed, thus waiting until the scholarship recipients graduate in 2014 and in 2015.

A second aspect of the program will be further investigation of how the scholarship dollars were used by the recipients. The original thinking of the organizing table was that students would lower their borrowing amounts by more than the amount of the scholarship. Preliminary reports from the first year suggested this may not be the case. Because there are myriad of reasons students might not reduce their projected borrowing, ELCA Research and Evaluation is interested in how these funds were used. It is hoped that this could inform future scholarship programs.

Finally, because there was a requirement for participation in financial education for students who received a scholarship, it is the desire of ELCA Research and Evaluation to determine what impact this education may have had on students during seminary and in their first call.

#### Occupational Trajectory

The study of pastors' occupational trajectories revealed several interesting preliminary findings about the links between educational debt and a pastor's number of calls and time spent in those calls. Nearly two years have passed since the time of the original analysis. Further study could strengthen and possibly clarify these links.

Additionally, investigating the link between educational debt and presence on the active roster is important. Our interviews with many pastors with high debt suggested that debt did not have a strong impact on their lives or job decisions at this point. However, an open question remains. How long can pastors make due with high debt and relatively low levels of compensation? An updated analysis will help us to find out if there is a certain length of time that pastors are willing and able to persevere before they can no longer support their families and need to seek other employment.

#### Concern about Debt

The links between educational debt and stress, satisfaction and ministry were not always consistent or significant; however, the links between a pastor's concern about his or her debt and the items mentioned above were significantly more robust. Further investigation with pastors who expressed a high level of concern with their educational debt and with members of the congregations they serve would likely flesh out the importance of this intermediate step between debt and negative outcomes. Additionally, if work could be done to work with those most concerned about their debt, it is possible that this could serve to improve their stress levels, their satisfaction, their relationships and their ministry.

#### Monitoring and Evaluation of Efforts with Lutheran Social Services of Minnesota

As a result of conversations begun through Stewards of Abundance, Lutheran Social Services (LSS) of Minnesota will open its extensive clergy financial counseling program to all first degree candidates at ELCA seminaries at no cost.

ELCA Research and Evaluation hopes to monitor the participation rates of seminarians in this financial education program. Additionally, ELCA Research and Evaluation intends to evaluate the effectiveness of the program through survey and interview research with both those seminarians who have participated in the program as well as those who serve as coaches with LSS Minnesota.

#### Monitoring First-Call Pastors who Participated in Financial Education

Significant financial and human resources were spent to begin and enhance financial education programs at each of the seminaries. The ultimate goal of these programs is the long-term financial health of those who participated.

ELCA Research and Evaluation intends to follow up with seminarians who participated in these programs after they have graduated and are in their first calls. Gathering data from these individuals about the

effects of financial education will be valuable as decisions about the future of theological education are made. It is our plan to investigate how beneficial pastors found the financial education program when they were in seminary. We also want to investigate whether or not pastors believe that financial education continues to impact their financial knowledge and behaviors. Further, we want to know the information they have used since they have been in their first call. It is also our intention to determine if financial education had any impact on the level of educational debt participants carried, compared to those who did not participate.

#### Monitoring Candidates' Awareness of Financial Realities

Portico Benefits Services has agreed to provide information to those entering candidacy to better inform them about the financial realities of life as a pastor. The data provided will be annually-updated key figures on first-call defined compensation (i.e., salary plus housing allowance). This information will be shared with candidates through candidacy committees, seminaries, and the ELCA churchwide organization. ELCA Research and Evaluation intends to investigate the extent to which those entering candidacy knew about expected salary following graduation from seminary.

#### Monitoring the Educational Needs of First-call Pastors

Although not directly the topic of any particular Stewards of Abundance investigation, in conversations with first-call pastors, one of the most common requests was a need and a desire for continuing education on topics of finances and beyond. In order to best serve first-call pastors and the church, interviews with first-call pastors could help to identify the issues of greatest concern and survey research could determine which of these issues would be the best to address broadly.

## Recommendations

### Financial Education

One of the major efforts of Stewards of Abundance was to grant funding to each of the eight ELCA seminaries to support the launch of a new financial education program or the enhancement of an existing one. It is recommended:

*Recommendation 1.1: That each seminary continues providing opportunities for the financial education of its students.*

Financial education programs provide primary benefit to seminarians. Many students reported that their participation in financial education improved their understanding of becoming good stewards, teaching good stewardship, intentionality about money and budgeting. Seminarians who participated in these programs also reported increased confidence and ability to discuss personal finances.

Financial education programs also have the potential to benefit congregations. Some of the pastors who had previously participated in financial education shared that they were better equipped to discuss issues of money in a congregation and to more effectively navigate budget issues. Many first-call pastors acknowledged that if they had not received financial education, they were at somewhat of a disadvantage in their first call.

*Recommendation 1.2: That each seminary renews its efforts to advertise financial education programs.*

Seminary administrators expressed that during the first year of the Stewards of Abundance grant, energy around the project on behalf of the administration and the students was high. Therefore, it was not surprising that substantial increases in participation in financial education were observed during this year, even at seminaries with existing financial education programs. Although the percentage of students participating in financial coaching continued to increase somewhat in the second year of the grant, participation in other forms of financial education decreased.

It is assumed that renewed energy and promotion of the financial education programs will again increase participation. Part of this renewed effort should address the stigma often associated with financial education, that it is intended specifically for those with financial “problems,” as opposed to something that can benefit everyone.

*Recommendation 1.3: That seminaries use financial education programs to attract prospective students.*

Many pastors shared that possessing information about personal and congregational finances is valuable as they lead a congregation. Providing financial education to seminarians helps them to acquire this knowledge before entering a congregation, rather than learning it on the job. ELCA seminaries are some of only a few to offer opportunities for financial education, thus setting them apart. As students decide on a particular seminary, practical financial education may be a factor.

*Recommendation 1.4: That seminaries share information about financial education programs with potential donors.*

Some ELCA gift officers have suggested that potential donors to seminaries are interested to find out that seminarians are receiving financial education, as they see this as a way for pastors and

congregations to experience greater financial wellness. If more potential donors knew about the existence of financial education programs, this could lead to greater financial support for the seminary and seminarians.

*Recommendation 1.5: That more frequent conversations about finances are undertaken between candidates, candidacy committees and seminaries.*

Related to the recommendation around the continuing opportunities for financial education is a larger recommendation around the discussion of finances. Until recently, conversations about finances between candidates for ministry, candidacy committees, and seminaries did not happen frequently; furthermore, the ELCA Candidacy Manual was rigid in the level of debt an applicant was allowed to carry if he or she wanted to become a candidate for ministry. Finally, the enforcement of the candidacy manual was inconsistent depending on the candidacy committee.

The work of Stewards of Abundance encouraged candidacy committees to update their process for addressing debt with potential candidates before they entered candidacy. This process includes the use of the Level of Concern figures and a conversation between applicants and candidacy committees about students' debt situations, how students intend to finance seminary, and how different factors (e.g., length of time to repay, interest rate, etc.) may impact the level of concern. The intent of the new process is to expand the discussion of finances beyond a single debt number and beyond a rigid approval or rejection based on that number.

Additionally, it is expected that candidacy committees and seminaries will discuss the impact of finances on students, particularly to the degree that their scope of influence overlaps.

#### Advocacy efforts

Another major effort of Stewards of Abundance included funding grants for the development of a CVATE program at each of the eight ELCA seminaries. These individuals were to advocate on behalf of seminaries and seminarians regarding the importance of theological education for the future of the church. The goal of this work is to develop and deepen connections between the seminaries, alumni and members of the ELCA. It is recommended:

*Recommendation 2.1: That seminaries continue employing an advocacy program for theological education.*

Stewards of Abundance researched the CVATE programs at each of the eight ELCA seminaries and asked the seminaries to provide annual evaluations of their efforts. Stewards of Abundance has gathered considerable information about each of these programs and their initial effectiveness (as determined by the response to the effort and the tenor of the comments received about it) and will share a summary of this information with the seminary system. Additionally, so seminaries can stay up to date with effective methods for advocacy and the best practices can be followed, they ought to remain in contact with one another on a regular basis to share information about their experiences.

*Recommendation 2.2: That seminaries invite advocates and potential advocates to seminary campuses.*

Many seminaries used this methodology to energize advocates. Although each of the programs were carried out in different ways, inviting ELCA members to the seminary campus and welcoming them with

opportunities to worship, pray and eat with seminarians were at the heart of each effort. Seminary administrators suggested that bringing advocates to campus created real connection, interest and memories with the seminary and with seminarians.

*Recommendation 2.3: That advocates from the seminaries be sent to congregations to both share and gather information.*

Another effort to increase connections between seminaries, seminarians and ELCA congregations was sending out seminarians and staff to congregations. Those sent out could share both the Gospel as well as information about the seminary with the congregation they visited.

These sending efforts also offered the opportunity for listening; leaders of ELCA congregations could share their thoughts with the representatives from the seminary. Additionally, hosting these groups served to excite those invited to advocate for the seminary.

*Recommendation 2.4: That seminaries increase their efforts to become relevant to a broader audience.*

At present, ELCA seminaries are not considered highly personally relevant by some ELCA congregational members. One of the ways to strengthen the tie between these members and seminaries would be for seminaries to provide more education and training for lay leaders. This would serve to create advocates from ELCA members by making the seminary valuable in members' own development, as well as in the development of their pastor and other pastors.

Additionally, some alumni indicated that, after graduation, they lost a close connection with their seminaries. Many pastors also mentioned they would like to have continuing education opportunities, particularly early on in their careers. A natural way for seminaries to remain relevant for alumni would be for seminaries to provide opportunities for continuing education. This education could address topics that are important, but for which there may not be time to cover extensively in seminary (e.g., financial education), and for topics that become relevant as time passes (e.g., changes in culture of which pastors should be aware). Providing these opportunities would increase the value of seminaries to pastors.