DENOMINATIONAL FUNDING OF PROTESTANT THEOLOGICAL EDUCATION (1994)

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I. The Evolution of Funding and Formulas

Denominational support for Protestant seminaries has changed significantly in the twenty years since Badgett Dillard's first study of the financial support of Protestant theological education.[1] In 1970/71, gifts and grants from denominational structures and other sources provided 47 percent of the educational and general revenue of the accredited Protestant member institutions of the Association of Theological Schools (ATS). By 1980-81, gifts and grants to these institutions had fallen to 42 percent of revenue and, in 1990-91, to 39 percent.[2] The decline was led by a major reduction in denominational subsidies as a percentage of seminary revenue. In 1968, for example, the General Assembly of the United Presbyterian Church provided its seven seminaries with $1,986,811. On average, this covered 22.3 percent of their operating budgets. In 1990, the denomination provided eleven theological schools (the number increased due to church merger) with $2,776,000, a sum that covered less than five percent of those schools' budgets. Denominational grants to seminaries have declined to the point that, in 1993, individuals provided more gift and grant revenue to Protestant schools than church sources did.[3] Since 1970/71, gifts and grants have declined as a percentage of seminary revenue, and the percentage of gifts and grants from denominational sources has dramatically decreased. Denominational grants have not matched the growth of seminary expenditures.

The changing realities of denominational funding for seminaries has driven the

[1] L. Badgett Dillard, *Financial Support of Protestant Theological Education.* Unpublished dissertation (Bloomington, IN: Indiana University, 1973).

[2] Marvin J. Taylor, ed., *Fact Book on Theological Education 1971-72* (Vandalia, OH: The American Association of Theological Schools, 1971); Marvin J. Taylor, ed., *Fact Book on Theological Education 1981-82* (Vandalia, OH: The Association of Theological Schools, 1981); and Gail Buchwalter King, ed., *Fact Book on Theological Education 1991-92* (Pittsburgh, PA: The Association of Theological Schools, 1992).

[3] Gail Buchwalter King, ed., *Fact Book on Theological Education 1992-93* (Pittsburgh, PA: The Association of Theological Schools, 1993).

seminaries to shift from less expensive to more expensive sources of support. As a rule of thumb, the least expensive source of funds is a denominational subsidy; the most expensive source is fund-raising from local congregations and individuals. As denominational subsidies declined as a proportion of institutional revenue, seminaries replaced low-cost subsidies with higher-cost gifts from individuals and congregations. The number of development offices, officers, and staff in theological schools expanded dramatically in the last two decades. These additions are a hidden drain on gift revenue. While net income from gifts and grants is difficult to calculate with any precision, a rough approximation could be made by deducting the expenses of the development office from the gross revenue from individual, local congregation, and foundation gifts and grants.

Not only has funding from national and regional denominational bodies declined both as a percentage of seminary revenue and in the proportion of expenditures it covers, but the grants themselves have taken on new forms. It is much rarer today than it was in 1970 for a national denominational body to make a block grant to a seminary based on that institution's stated need. Instead, denominational grants are more likely to be based on formulas designed to treat all of its seminaries in an equitable manner. Actual need as a criterion for funding is rarely, if ever, an explicit consideration in the denomination's funding formula, as denominational bodies are unable to determine objectively whether an institution with a large deficit has a genuine need or is simply mismanaged. Yet despite the lack of objective criteria for need, denominational bodies often allocate discretionary funds with the schools' stated needs and historical levels of funding in mind.

Another important factor in denominational funding for seminaries since 1970/71 has been the decline in enrollment among some schools. For example, in the decade from 1980 to 1990, the combined full-time equivalent (FTE) enrollment of the eight seminaries of the newly merged Evangelical Lutheran Church in America (ELCA) dropped from 2,264 to 1,861 -- a decline of 403 FTE or, to put it more dramatically, an enrollment equivalent to two average-sized ELCA seminaries.

Under some funding formulas, declining enrollment results in less revenue from denominations for seminary support. However, in circumstances where a denomination's support declines in absolute dollar amounts but remains stable in terms of constant dollars per

FTE, one may not be able to claim that the denomination has cut its funding for theological education. Nevertheless, the school still receives a reduction in its revenue stream whether one attributes the cut to declines in enrollment or to declines in real dollar support from the denomination.

Such a reduction in revenue can have major impact on seminaries since many fixed costs do not decline when enrollment declines. From the perspective of a single institution, fifteen students more or fifteen less do not trigger increased expenditures in academic staffing or in the operation of a physical plant. In other words, funding formulas tied to enrollment downplay the role of fixed costs in a seminary's need for funds. The dilemma that many denominations face is that the maintenance of a national system of strategically placed but under-enrolled seminaries may require the support of a higher level of fixed costs than is warranted by current demand for theological education.

While some denominational formulas do not ignore the constraint of fixed costs, they may, in some cases, still have the perverse effect of reinforcing financial downturns in times of enrollment decline. Tuition revenue is today an important part of most institutions' revenue stream. If a funding formula emphasizes enrollment, a seminary with a shrinking student body may need an increase rather than a decrease in its denominational subsidy. In other words, a funding formula too heavily weighted toward enrollment may, on occasion, exacerbate revenue troughs rather than smooth them out.

In brief, the philanthropic environment facing schools has evolved gradually but unmistakably in the years since 1970. The purchasing power of denominational funds shrank, causing schools to initiate high-cost appeals to local churches and individuals. New uncertainties in enrollment added financial pressure, as declines in enrollment-based denominational subsidies compounded tuition losses in some schools. Today the vision of a Protestant denomination funding the full, unrestricted need of its seminaries is usually a distant and vanishing dream.

II. The Sources and Distribution of Funds: Planned, Mixed or Market Economies

A. Three Types of Denominational Funding Systems

The earlier studies of the funding of Protestant theological education distinguished a denomination's grants and gifts by their predominant source, naming them as: national (meaning grants from national church bodies), regional (grants from regional church bodies), local (local churches), individual (persons) and mixed.[4] The rise in individual giving and the occasional separation of the collection of funds from their distribution (as happens in a denomination that collects contributions from local churches, but distributes them regionally or nationally) has brought most of the Protestant denominations into a "mixed" pattern of current support. The fact that 80 percent of *capital* gifts come from individuals further erodes the usefulness of source designations. In most Protestant theological schools *people* -- not churches or judicatories -- contribute the largest share of total gifts, and are the source most likely to grow.

In denominational funding systems, the economic characteristics of the system are more revealing than the sources, important though the latter might be. Different funding methods have distinct economic and institutional dynamics, each with its own peculiar effect on a seminary's operation. We believe that the seminary funding systems of the denominations we studied can be grouped into three broad economic types:

- *Market economies*, in which the bulk of denominational funding travels directly to the seminary from local congregations without a regional or national denominational office acting as an intermediary.
- *Planned economies*, in which a regional or national denominational office collects funds from local congregations and other sources and then distributes these funds to the denominations' seminaries according to some pre-determined formula. In planned economies, seminaries usually cannot ask congregations for support outside the context of the national or regional fund-raising effort.
- *Mixed economies*, in which support comes from congregations directly as well as from a denominational regional or central fund.

B. Characteristics of Market Economies

Of the nine denominations we studied, two can be called market economies: the American

[4]Dillard, *op. cit.;* and Badgett Dillard and Anthony Ruger, *Changes in the Financial Support of Protestant Theological Education, 1971-1981* (Louisville, KY: Badgett Dillard and Anthony Ruger, 1983).

Baptist Churches and the Episcopal Church. The Episcopal Church encourages each congregation to set aside one percent of its disposable revenue and send it directly to the Episcopal seminary of its choice. Though the American Baptist Churches have not specified a percentage of congregational revenue for theological education, local congregations make their gifts directly to the seminary of their choice, not through a denominational intermediary.

Market systems place a premium on: a) direct communication with local congregations; b) a seminary's reputation or theological stance; and c) a congregation's history of giving. The experience of the Episcopal Church and the American Baptist Churches suggests that local congregations are sensitive to doctrinal issues, the clarity of a seminary's denominational identity, and personal ties. But free-market congregational giving seems unaffected by an institution's relative financial need. Nor do local congregations give evidence that they see a denomination's seminaries as an interrelated system serving the whole church. Also, market systems are not designed to produce equity, much less a coherent policy. Another potential drawback in a system that relies on local congregations to act as a distribution mechanism for financial support lies in the delivery of specialized services. A seminary may perform a national function -- for example, the preparation of black or Hispanic candidates -- that may be unrecognized by local congregations.

Finally, seminaries serving economically depressed regions may be underfunded not because of the quality of the work they do but because the congregations that support them are themselves not well off. One example of how the wealth of local congregations affects giving can be seen by comparing the giving patterns of United Church of Christ churches in Maine and Massachusetts. Parishes in Maine, for example, had average 1990 operating budgets of $46,595. In Massachusetts, the operating budgets were nearly twice as large, $90,372 on average. As we might expect, the average congregational gift to Bangor Seminary in Maine was a good deal lower than that received by Andover Newton in Massachusetts.

C. Characteristics of Planned Economies

Of the nine denominations we studied, six are planned economies that collect congregational offerings into a central seminary fund and then distribute these monies according to some formula. They are: the Christian Church/Disciples of Christ, the Evangelical Lutheran Church in

America[5], the Lutheran Church (Missouri Synod), the Presbyterian Church (U.S.A.), the Southern Baptist Convention, and the United Methodist Church.

The advantage of a planned economy is its "rationality." A church's seminaries are considered as a system, their needs assessed and resources allocated according to those needs. Funding is more predictable -- the market can be brutal to the inept or the unorthodox -- and the planning function allows some due process where inequities can be smoothed out. But a planned economy has well-known drawbacks. It shifts control to the center and lessens the incentive to communicate with local congregations. It allows less institutional freedom and may insulate seminaries from broad streams of opinion within the church.

D. Characteristics of Mixed Economies

In one sense, even the denominational seminaries that we placed in "planned" economies actually exist in "mixed" ones because they are so heavily dependent on gifts solicited from individuals and local congregations. But for the purposes of this essay, we have reserved the term "mixed economy" for those denominations that are neither truly centralized nor truly market systems. We put the United Church of Christ in the mixed category because its seminaries are not free, as they would be in a market system, to raise funds from local congregations outside their specified region of the country; nor is it a planned economy because there is no national body that controls the distribution of institutional subsidies, though scholarship funds are awarded from a central fund and, in some regions, seminaries share equally in the proceeds of congregational fund-raising.

III. Characteristics of Funding Formulas in Planned Economies

Funding formulas can be as simple or as complicated as policy makers wish to make them. They can address operating or capital costs; fixed or variable costs; average or marginal costs. Formulas can be designed to reward or punish, to preserve advantage or take it away. In all this variety at least one rule of thumb applies: a denomination's funding formula should not ordinarily be more sophisticated than a seminary's accounting and record-keeping systems. If

[5] The ELCA had not yet adopted a funding formula when this paper was written. The guidelines for a formula are given in the appendix.

seminaries collect information on a course rather than a credit-hour basis, the funding formula should reflect that. Funding formulas, accounting systems, and registration data must become consistent with each other. Since it is far easier to modify a formula than to change existing systems of accounting and data collection, only an overriding social and educational goal would warrant a change in record keeping.

The six most common types of funding formulas are:

■ *Enrollment-Driven Funding*: Such formulas recognize enrollment as the most important variable in a seminary's operating budget. Resources are added or withdrawn based on the number of students, credit hours or courses taught.

■ *Outcomes Funding*: Such formulas reward schools for some <u>quantity</u> of outcomes, for example, the number of degrees awarded, the number of minority students graduated, etc.

■ *Performance Funding*: Performance funding rewards the <u>quality</u> of outcomes as measured by some external criterion, e.g., not just by the number of graduates, but by the proportion that pass the bar examination.

■ *Core Funding*: Core funding recognizes that an institution's <u>fixed</u> costs, especially staffing and physical plant, do not fluctuate in direct proportion to enrollment. In some denominational funding formulas, one portion of the formula gives each seminary a fixed amount without regard to changes in enrollment.

■ *Program Funding*: Since enrollment-driven funding often counts all credit hours as if they were of equal cost, program funding formulas come into play when there are great disparities in the cost structure of different academic programs. Credit hours in engineering, for example, may be funded at a much higher rate than those in the humanities.

■ *Incentive Funding*: Incentive funding entices an institution to begin a program that a denomination considers desirable, for example, a theology institute for the laity.

To show the practical workings of each type of funding, we have tried to tease out the implications of one denominational formula -- that of the United Methodist Church. The current Methodist formula is the most complex of those we studied. It makes use of four of the six funding categories described above. Of the funds collected from local congregations, 75 percent goes to a Ministerial Education Fund (MEF) and is distributed to the church's thirteen seminaries according to the following formula:

Basic Support:

35 percent of the MEF is divided equally among the seminaries for current expenses. [Core Funding]

Total Master of Divinity (M.Div.) Enrollment:

Another 35 percent of the MEF is distributed according to the average number of M.Div. candidates enrolled over a three-year period. [Enrollment-Driven Funding]

Qualitative Factors:

Twenty percent of the MEF is distributed by scores on ten different factors used to measure educational quality, e.g., spending on library, number of faculty publications, instructional budget as percentage of total expenditures. [Outcomes/Incentive Funding]

UM Graduates/Full Membership:

Ten percent of the MEF is distributed according to the percentage on a rolling three-year average of Methodist M.Div. graduates who become full members of the Annual Conferences, i.e., who enter the parish ministry of the Methodist Church. [Outcomes Funding]

Of the six denominations with "planned economies," all address the following questions:

■ *Are students from one's own denomination counted differently from those of other denominations?* The Disciples of Christ, for example, count their students and those from the United Church of Christ for 100 percent funding. All other students are counted at two-thirds of the formula.

■ *Does the formula distinguish between the better and the less well-endowed institutions?* As a rule of thumb, the higher the percentage of core funding in the formula, i.e., funding divided equally among a denomination's seminaries, the more advantageous the formula is for smaller, usually financially weaker institutions.

■ *Is the formula weighted to reflect current enrollment or the number of graduates?* Of the denominations we studied, only the Presbyterians counted the number of graduates rather than enrollment as the basis of funding. In general, an outcomes-based formula is less responsive to actual operating costs than an enrollment-driven formula. Seminaries with a higher-than-average number of part-time students or with higher-than-average attrition rates would fare less well under a formula based on the number of graduates than one geared to enrollment.

■ *Does the formula put limits on seminary spending?* Except for the Southern Baptist formula, current formulas support but do not limit seminary expenditures. The Southern Baptist Convention has tied its seminary funding to the average cost-per-student at the accredited seminaries of the Association of Theological Schools over a five-year period. This may have the effect of capping seminary expenditures, since Southern Baptist institutions are not allowed to charge tuition.

IV. Characteristics of Successful Collection Programs

Most major denominations, whether congregational or hierarchical in their polity, have designated at least one Sunday in the year to promote theological education. Last year, for example, the Presbyterian Church (U.S.A.) distributed 900,000 bulletin inserts to local congregations describing the work of the church's theological schools. Each year the Episcopal Church sets one Sunday aside as Theological Education Sunday and takes up a special collection for seminary support. The American Baptist Churches have two Sunday designations, one for financial support and another for enlistment of candidates for the ministry. The Evangelical Lutheran Church in America (ELCA), the United Methodist Church, the Southern Baptist Convention and the Christian Church (Disciples of Christ) have all initiated similar national promotional programs.

The earliest and still most influential model for earmarking a percentage of congregational budgets for seminary support is the plan pioneered by the United Methodist Church. Begun in 1968 among a group of the church's southern conferences, it became a church-wide strategy in 1982. Prior to that, the Ministerial Education Fund (MEF) ran on a regional rather than national basis. Seminaries within a given jurisdiction received support from the MEF based on monies raised within that jurisdiction. Funding inequalities, especially in western states with small United Methodist membership, caused the church to move to a national plan of both collection and distribution. The collection plan is neither complex nor esoteric. The components are:

■ Set a reasonable fund-raising goal.

■ Establish a reporting system that will measure whether a local congregation has met its goals.

■ Establish a national awareness effort to inform local congregations of what the seminaries' needs are and what they contribute to the church's life.

■ Coordinate that effort on a particular Sunday and give it a coherent theme.

The United Methodists set as their goal two percent of a local church's current program expenses, excluding all benevolences, new building costs and debt retirement. Support for the Ministerial Education Fund (MEF) has grown from 58 percent of the apportioned goal in 1970 to almost 84 percent in 1990, when $19 million was raised for the church's seminaries.

V. Conclusion

Funding formulas are not neutral instruments. They are statements of moral and religious values expressed in monetary terms. Embedded in every formula are answers to such questions as: What are the purposes for which money is spent? Who benefits? Who pays? What makes one person or institution eligible for the church's support and another not? What should the church receive from the seminary in return for its support? What types of behavior does the formula reward or penalize? In other words, a funding formula is a concrete expression of a denomination's polity and priorities. The pattern it follows in the collection and distribution of funds is at least as good a reflection of its real concerns for theological education as any generalized statement of intent.

Given that funding formulas are a statement of policy, one cannot always know clearly from the bare bones of a formula what policy makers had in mind. Do policy makers actually intend all the effects that a formula may produce? Not always. The more complex the funding formula, the more difficult it is to avoid unintended outcomes. Institutions have the tendency to maximize benefits and minimize losses under a given formula. They may introduce changes that the formula did not anticipate. The Internal Revenue Code is an extreme example of a formula always several steps behind the more ingenious of those who manipulate its intentions.

APPENDIX: DENOMINATIONAL FUNDING FORMULAS

Funding formulas for seminaries of the American Baptist Churches.

The American Baptists do not provide institutional funding from any office at the national level. Institutional support for American Baptist seminaries comes from designated gifts from local churches to support one or more ABC-related seminaries. There are some exceptions to this general pattern. In four regions seminary support is included within the giving of churches to the united mission budget.

In 1990 "institutional support" for seminaries amounted to $1,054,729. While the denomination does not set any goals for local congregational giving, there has been some discussion about following the "one percent" example of other denominations. The national seminary office is also planning a special campaign for leadership development, i.e., a scholarship fund for Master of Divinity students.

The church sets aside two Sundays a year to focus on theological education -- "Seminary Sunday" and "Enlistment Sunday." They may be combined in the future.

Funding formulas for the seminaries of the Christian Church/Disciples of Christ.

Voluntary giving for support of the seminaries comes from individual congregations in two forms:

a) Regular Basic Mission Finance giving plus five special offerings each year.

b)Funds that an individual or a congregation can designate either for a specific seminary or the denomination's seminaries in general.

However, no instrumentality of the church can approach a congregation for funding. Capital campaigns require special permission and in well-defined circumstances congregational fund-raising is allowed.

The denomination collects over twenty million dollars annually through its Basic Mission Finance giving. $1.2 million of that goes to the support of the denomination's four seminaries and three foundation houses. Basic Mission Finance accounts for eighteen to twenty-five percent of the seminaries' operating budgets. The $1.2 million is distributed as follows:

■ 60 percent is distributed in proportion to the total number of instructional hours taken by: (a) Disciple/UCC students who are funded at 100 percent of the formula for all degrees; (b) Students from other denominations who are funded at two-thirds of the formula. All students declare denominational identity upon enrollment.

■ 40 percent is distributed as "basic support" [core funding] without regard to enrollment: (a) Each of the four seminaries receives 6.5 percent of $1.2 million as "basic support"; (b) The remaining 14 percent is divided equally among the foundation houses.

Funding formulas for the Episcopal Church.

The practice in the Episcopal Church is to have each congregation send its voluntary one percent contribution directly to the Episcopal seminary of its choice. The sum of contributions from local congregations in calendar year 1991 was $3,526,795 and the value of that contribution was approximately $3,384 per full-time equivalent (FTE) student.

Funding formulas for the Evangelical Lutheran Church in America

The Evangelical Lutheran Church in America (ELCA) reached an agreement with the seminaries it sponsors to hold their funding constant during the process of church merger. In 1987-88 the national church body and the regional synods provided $8.5 million, roughly half coming from the national level and half from the regions. In the fiscal year ending June 30, 1990, the eight ELCA seminaries received a total of $9,505,748 from the national offices of the Division of Ministry (47%) and from the regional synods (53%). This sum represented 35 percent of the eight seminaries' total operating budgets and a support of $4,779 per FTE.

A regional synod's required contribution (often exceeded) to the seminary fund was determined as follows:

sum of a synod's congregational budgets synod's % = *divided by* sum of all the church's congregational budgets.

No permanent formula has been adopted as of this writing. According to the recommendations in *On Theological Education in the New Lutheran Church*, the following principles would be considered when devising a funding formula:

■ Theological seminaries shall be financed churchwide and synodically, together with the seminaries themselves.

■ The minimum financial support for the annual educational and general operating budgets of the seminaries as the new church begins shall be an amount equal to that currently contributed by the church bodies.

■ In order to assure the mutual accountability of the church and the seminaries, the new Lutheran church shall adopt the goal of providing support from the church of at least 50 percent support for the seminary educational and general operating budgets through a combination of church-wide and synodical appropriations. Actual amounts from synodical and church-wide appropriations shall be determined annually through a consulting process that includes synods, seminaries and the Division for Ministry.

■ To implement financing, synods shall be assigned to specific seminaries normally in accord with regional boundaries. All synods in a given region will normally be assigned to one seminary in order for the seminaries to be at the locus of cooperative synodical mission planning and programs.

■ The Division for Ministry shall be responsible for distributing church-wide funds to ensure equitable financial support for each seminary.

■ The remaining financial needs in the educational and general budgets of the seminaries shall be the responsibility of the seminaries through tuition, fees, endowment revenue, and fund-raising programs.

Student Aid

Aid to students preparing for public ministries shall be administered by the seminaries on behalf of the church, under guidelines established by the Division for Ministry. Aid shall be provided through the schools' endowments, annual appropriations from the schools' budgets, and other sources.

Funding formulas for the Lutheran Church (Missouri Synod).

The Lutheran Church (Missouri Synod) supports two seminaries; Concordia in Missouri and Concordia in Indiana. In 1992-93, each seminary enrolled between 450 to 500 full-time equivalent (FTE) students and, with Educational and General (E&G) expenditures at $13-$14,000 per FTE, each was well within the average E&G expense range for ATS institutions of this size. However, neither institution has an endowment commensurate with its enrollment and both are becoming more tuition dependent. Currently, the list price of tuition and fees, undiscounted and collected in full, would cover 35 to 40 percent of E&G expenses.

The denomination funds its seminaries in two distinct ways. First, it provides a direct subsidy [core funding] that covers close to 20 percent of each seminary's operating budget. Secondly, it supports a joint seminary development program whose staff is housed at the denomination's central offices. The joint development staff manages direct mail campaigns and other forms of coordinated fund-raising. A unique aspect of this joint effort is that the denomination guarantees a certain level of income to its seminaries no matter what the actual fund-raising results are. The formula is based on a moving average of gift income over the last three prior years. The denomination then guarantees a high percentage of that average, effectively putting a floor under the seminaries' income projections. Total income from these two sources of denominational funding account for somewhat less than half of the two seminaries' operating budgets.

In comparing the Missouri Synod Lutheran Church's funding patterns with those of other denominations, the Church's centralized fund-raising and block-grant subsidies place it within the rubric of a planned economy, though one of a very traditional nature. However, with only two seminaries of almost equal size, there is no need for elaborate funding formulas. The non-traditional side of the denomination's support is the income floor it puts under the joint fund-raising effort. This income insurance program could be of interest to other denominations.

Funding formula for the theological institutions of the Presbyterian Church (U.S.A.).

In 1986 the General Assembly of the Presbyterian Church (U.S.A.) asked each congregation to make a contribution to a Theological Education Fund equal to one percent of its local operating budget to support the church's eleven theological institutions. In the first official year of the new plan (1989), Presbyterian congregations gave $1,204,237 via the Theological Education Fund. Contributions in 1990 totaled almost $1.8 million or $639 per FTE student. The funds received are allocated according to the following formula: 50 percent is divided equally among the eleven institutions; 45 percent is distributed according to the number of degrees granted over a four-year period, with the degree weighted by the number of full-time-equivalent school years it normally takes to get the particular degree. Also included in that weighting is a bonus for the number of Presbyterian Church (U.S.A.) students each institution enrolls. The remaining five percent is distributed according to the discretion of the Committee on Theological Education.

Funding formulas for the seminaries of the Southern Baptist Convention

The charter of the Southern Baptist Convention does not allow its seminaries to charge tuition. They may, however, collect matriculation and other fees. These account for approximately fourteen percent of seminary revenue.

In 1990-91, the seminaries of the Southern Baptist Convention received a total of $28,843,808, equal to 22.33 percent of the denomination's central fund. The distribution was as follows:

Golden Gate	1.93%
Midwestern	2.28
New Orleans	3.42
Southeastern	3.11
Southern	5.34
Southwestern	6.25

The formula for distribution is:

% of central the number of students enrolled fund for = *multiplied by* each seminary a per-student support figure calculated on a rolling 5-year average of per-student costs at other ATS seminaries.

In addition to operating support, the Convention makes special appropriations for capital needs as the occasion warrants.

Funding formulas for the United Church of Christ (UCC).

In the United Church of Christ, the Board of Homeland Ministries awards scholarships to UCC students no matter where they are studying. Though the church encourages local congregations to contribute two percent of their disposable income to theological education, there is no national agency that either raises or distributes funds to the seminaries of the church. The denomination distinguishes between its "closely-related" and its "historically-related" divinity schools in terms of each seminary's self-description. The closely-related seminaries tend to work together in their fund-raising efforts. They are not free, as they would be in a market system, to raise funds from local congregations outside their specified region of the country. The church's three midwestern seminaries have been especially successful in raising and sharing funds among themselves.

Funding formulas for the seminaries of the United Methodist Church.

The United Methodist Church has established a Ministerial Education Fund to receive contributions from local congregations for seminary support. The goal set is two percent of a church's current program expenses, excluding all benevolences, new building costs and debt retirement. Support for the Fund has grown from 58 percent of the apportioned goal in 1970 to almost 83 percent in 1990.

Despite this large dollar increase, the rapid escalation of educational costs has resulted in a decreasing percentage of support for the church's seminaries. In 1975 support from the Fund covered an average of 33 percent of seminary operating budgets. By 1990 that percentage had dropped to twenty percent. Total giving to the Fund in 1990 was approximately $19 million, with 25 percent retained in Annual Conferences for programs in ministerial education and development.

Approximately $12 million was distributed to the church's thirteen seminaries according to the following formula:

Basic support. 35 percent of the MEF is divided equally among the seminaries for current expenses.

Total M.Div. and diaconal enrollment. Another 35 percent of the MEF is distributed according to the average number of M.Div. and diaconal students enrolled over a three-year period.

Qualitative Factors. 20 percent of the MEF is distributed by scores on ten different qualitative dimensions listed below. Each dimension is factored at 2 percent.

■ Ratio of faculty to students (full-time equivalence for faculty to be determined in regard to the teaching responsibilities related to course work).

■ Ratio of library accessions to the educational and general budget (to be understood as monies used to purchase or pay for educational materials related to the library, but not to include staff salaries or technical support services or facilities cost).

■ Ratio of instructional budget to educational and general expenditures.

■ Evaluation of teaching effectiveness.

■ Publication by the faculty in significant journals or publication of a book.

■ Ratio of United Methodist ethnics to total United Methodist M.Div. and diaconal enrollment.

■ Ph.D. or Th.D. programs.

■ Presence of special programs and institutes.

■ Church involvement of faculty and administrators.

■ Faculty and administration inclusiveness.

UM Graduates/Full Membership. Finally, 10 percent of the MEF is distributed according to the percentage of United Methodist graduates entering full conference membership or consecrated as diaconal ministers. (The percentage of UM students entering Conference membership and diaconal ministry will be in relation to UM students enrolled and both will be figured on a rolling average of the preceding three years).