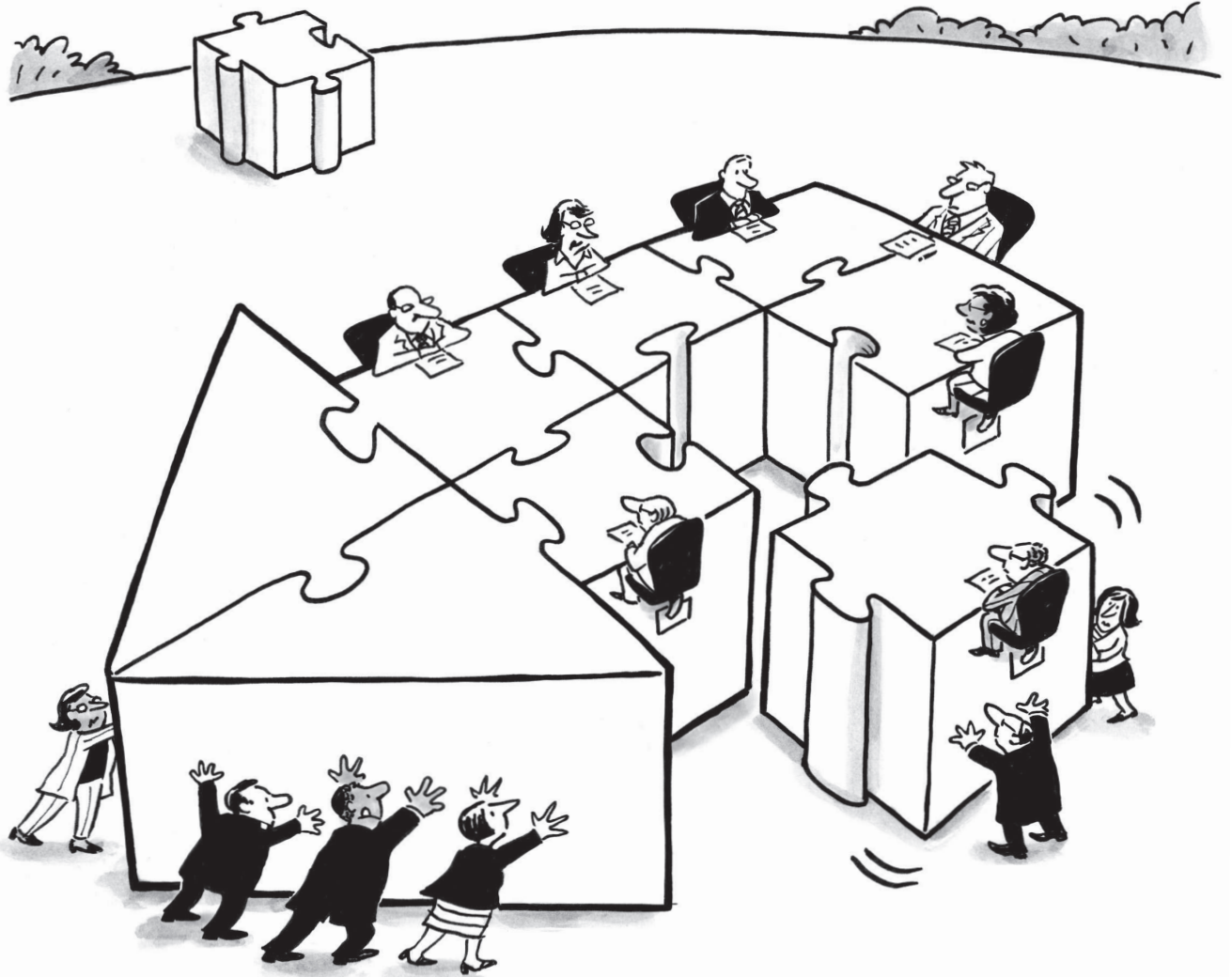# Governance That Works

## Effective Leadership for Theological Schools

By Barbara G. Wheeler and Helen Ouellette | March 2015

## About this Issue

With this report, Barbara G. Wheeler ends a long and distinguished era as a lead researcher and author for the *Auburn Studies* series, the signature line of publications from the Center for the Study of Theological Education (CSTE). Beginning with *Reaching Out* (1993) which set a focused and extraordinarily generative vision for the CSTE, Wheeler went on to author or co-author fourteen of the twenty studies in this series. These studies engaged many of the issues central to theological schools and their stakeholders: studies of enrollment and student debt, student recruitment and alumni success, and the status of faculties and senior leadership—both presidents and governing boards. With these and many other publications, lectures, and consulting projects, Wheeler established Auburn as a respected source for those wanting to understand the dynamics of this very particular set of institutions of higher education which prepare faith leaders for their vocations.

   *Governance That Works: Effective Leadership for Theological Schools* exhibits Barbara Wheeler's characteristically clear prose and keen insight readers of past Auburn Studies have come to expect. At a time when many theological schools are experiencing significant challenges, the report helpfully exegetes several schools as notable cases of effective governance. In general, the story is one of gradual change towards better governance policy and practice. Yet many boards struggle with improving board composition—including minority and gender inclusion but also people with the right skills and a capacity to be substantial donors to the school. Among a number of notable trends, the increasing power of chief executives— with generally strong support from their faculty and boards—greatly heightens the salience of interpersonal skills on the part of those executive leaders. In a related insight, the report shows how such an interpersonally wise senior executive develops stronger leadership within the faculty and board, and a more vital partnerships between the two.

With gratitude for your partnership,

CHRISTIAN SCHAREN
*Vice President of Applied Research at Auburn*

## About the Authors

BARBARA G. WHEELER was the founding director of the Auburn Center for the Study of Theological Education. She directed this study and the Center's previous research on seminary governance.

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# Governance That Works

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The board of a struggling seminary, the sole theological school of a small denomination, decides that the school must expand its base to survive. It elects a president from a different denomination and gives him a mandate for change. The faculty is hostile to the outsider from day one and refuses to cooperate with him. The president reacts angrily. The board watches the conflict as if it were a tennis match. The battle escalates. The faculty votes no confidence in the president. The board gives in to faculty lobbying and fires the president.

Membership on the large board of a leading seminary is viewed as a prestige appointment, especially by graduates who are now pastors of prominent churches. Over several decades, expenses have been mounting and revenues declining, but legacy endowments provided a cushion, and two presidents in succession regularly assure any board members who raise questions about the condition of the school that financial rearrangements would keep it secure. In 2009, a new president arrives. He discovers that there is a large intractable deficit and that, thanks to the recent recession, the expendable funds which were being used to keep the seminary solvent are now almost exhausted.

A small seminary on the verge of financial collapse finds a white knight: a college of its denomination offers to adopt it. The presidents of the college and the seminary, who were seminary classmates, see many advantages: the college offers survival to seminary; the seminary

restores some lost religious credibility to the college. The merger agreement has few details, but trust between the two presidents is deep and five seminary board members are to be added to the college's board. The seminary board votes unanimously to merge. When a new college president takes office, he replaces the seminary dean and sets steep financial goals for the seminary, which again struggles to meet its financial commitments, much as it had prior to the merger.

A theological school that is owned and controlled by a denomination has a board to which the denomination has delegated certain decisions, including budget approval. The president reports triumphs and accomplishments to the board and shields it from problems he is facing. Board members become warm advocates and helpful fundraisers; they approve annual budgets without comment. When a major controversy breaks out between denominational officials and the president over both theological and financial issues, the board is stunned. Despite the influence that some of them have in the denomination, they have an inadequate perspective and too little information to be helpful in the dispute, which the president loses.

Each of these vignettes describes actual events in North American theological schools during the last decades. Readers who know the seminary world may think that they can guess the identity of the schools described. If so, they may be both right and wrong. In this summary form, each of these tales of governance failure is actually not very far removed from the experience of several theological schools.

The first years of the twenty-first century have been a difficult period for governance across the North American spectrum, from the U.S. Congress and the Canadian parliament to large corporations, small businesses, non-profit organizations, churches, colleges, universities, and theological schools as well. Board negligence, executive malfeasance unchecked by boards, power struggles between presidents and boards, and conflicts between the governors and the governed have been in the headlines. Though fault for governance failures is widely shared, boards are assigned a lot of the blame. John and Miriam Carver, authors of an influential theory of boards, collated comments to this effect: "Effective governance by a board … is a relatively rare and unnatural act," wrote Dick Chait, Tom Holland and Barbara Taylor, whose work on boards is widely respected in theological education. "Trustees," they continue, "are more often little more than high-powered, well-intentioned people engaged in low-level activities." "There is one thing," wrote Peter Drucker, "that all boards have in common…. They do not function." The Carvers add their own comment: "Boards tend to be … incompetent groups of competent individuals."[1]

Twelve years ago, the Auburn Center for the Study of Theological Education published a research report on seminary boards.[2] The focus was on the members of boards—their backgrounds, views of the institutions they

served, and levels of preparation for their tasks. At that time, a wide majority of institutions that were members of The Association of Theological Schools (ATS) were free-standing, and a majority of those had full authority to set the direction of their school and full responsibility for its well-being. Because in most situations the board played a determinative role, it seemed reasonable to measure the strength and competence of boards by studying their members.

Today, the community of theological schools is more diverse and its governance arrangements are widely varied. Forty percent of the institutions that have joined the Association since 2000, and forty-five percent of those that have joined since 2010, are embedded in larger institutions. Some, especially schools serving immigrant groups, are relatively new graduate schools of universities or college-seminary combinations. Others are long-established theology departments that have begun to grant graduate-level ministry degrees. Thus, the balance has begun to shift. Free-standing schools, which accounted for more than four-fifths of the Association earlier, now comprise about two-thirds. And although the majority of the boards of free-standing schools have full

authority over their institutions, there is also diversity within that group. Some Protestant boards have only have partial authority, with certain powers reserved to the denomination that owns the institution. Roman Catholic seminaries owned by dioceses are usually governed by a single church official. Their boards may play significant roles, but they have no legal powers.

Because the governance of theological schools is no longer dominated by the singular model of a board that has full authority over a free-standing institution and because governance crises and failures have become much more common in recent years, this study has a broader focus than that of previous research. Like the earlier study, this one includes a survey of members of boards and advisory committees. In addition to this focus on members as individuals, however, this project also directs its attention toward patterns of governance, using a case study method. Encouraging examples are often more useful than cautionary tales, so the cases selected were schools that knowledgeable observers identified as well-governed. Six on-site visits were complemented by conversations with the chief executives and board members of about a dozen additional schools.

# I. Findings

Several major conclusions can be drawn from the research that comprised this project.

**Theological schools have adopted many policies and practices recommended by experts on higher education governance.** The survey conducted by the ATS Commission on Accrediting collected information on board size, make-up and procedures that has not previously been assembled. It shows that many of the policies

and practices advocated by board-serving organizations, such as In Trust and the Association of Governing Boards, are now in place at the majority of theological schools. The first section of this report will document the types and extent of these practices.

**Theological schools continue to face major governance challenges.** Despite widespread attempts to implement good governance processes, many seminaries do not have governance structures in place that adequately

equip them to address current conditions and face future challenges. The baseline study *(In Whose Hands?)* documented gaps and weaknesses in boards that made it difficult for them to play their part in achieving their institutions' goals. Over the interval between that study and the present one, there have been at best modest gains in the problem areas identified. The first section will show that most boards still do not have sufficient expertise in the areas most important for their schools' survival, such as diversity that mirrors the increasingly varied constituencies of their schools and a sufficiently strong complement of younger board members. There is also evidence from the surveys that boards are not as deeply and critically engaged in the leadership of their institutions as current challenging conditions may require. The second section of this report will both review and compare the findings of the board member surveys, as well as highlight changes over the last decade and examine persistent problems and concerns.

**Presidents play an increasingly central and influential role in seminary governance.** Over the past half century, as pressures on theological schools have increased and as boards have been required to exercise higher levels of fiduciary and missional oversight than were common in the past, the role of chief executive has become more pivotal. The financial crisis and the enrollment downturn during the past decade have brought the centrality of presidential leadership into sharp relief. The third part of this report will convey data about the increasing importance of presidential leadership, as gathered from the recent survey and site visits.

**Good governance is possible: some schools have established highly effective governance systems.** The site visits conducted in the course of the current study were part of a search for models of "governance that works," and they provided some excellent examples of well-balanced and apparently stable governance. The final section of this report describes these models. Because of the wide variety of governance structures and arrangements in theological schools, these models cannot be applied directly in every situation, but lessons from the case studies and suggestions of steps that theological schools can take to remedy weaknesses can be derived from the research results. A list of these suggestions concludes the report.

## 1.1 | Improved Policies and Practices

As already noted, there is no longer any paradigmatic form of theological school governance: one-third of ATS member institutions are embedded in or partnered with another institution and do not have their own boards, and free-standing schools are governed in a variety of ways, including boards that have full trusteeship powers, boards with delegated powers from a church body or official, and boards or committees that are purely advisory. The results of the ATS survey, though not a complete census, show that different streams of religious tradition have different patterns of governance (Figure 1).

The majority of Protestant schools have boards with full authority, although each subset of these schools shows some variety:

■ Some mainline Protestant denominational school boards share authority with their sponsoring denomination or are part of larger institutions and have oversight committees that are advisory.

**Figure 1: Board Structure by School Tradition and Type
201 Schools, 2013**
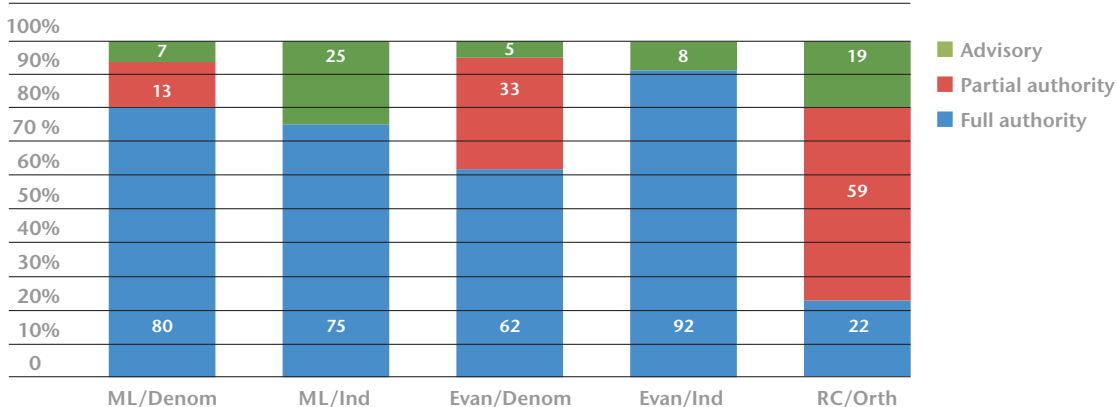


ML/Denom=Mainline Protestant denominational schools
ML/Ind=Mainline Protestant independent (non-denominational schools)
Evan/Denom=Evangelical Protestant denominational schools
Evan/Ind=Evangelical Protestant independent (non-denominational) schools
RC/Orth=Roman Catholic and Eastern Orthodox Schools

*Source: Survey, Commission on Accrediting, Association of Theological Schools, 2013*

■ Some independent (non-denominational) mainline and evangelical Protestant institutions are divinity schools lodged in universities or are partners in a college/seminary combination.

■ A substantial number of denominational evangelical Protestant schools are at least partially governed by their sponsoring denomination.

The majority of Roman Catholic seminaries are owned by dioceses whose "ordinary" (bishop or archbishop) governs the school as corporation sole. These schools' boards may define themselves as advisory or as having partial authority if certain functions are delegated to them. Roman Catholic schools owned by orders may also have partial- or full-authority boards.

The varieties of board structures are compounded by the differing modes of selection of board members. As noted earlier, selection processes are so varied and complex that they could not be fully captured by survey, but the ATS survey did confirm that only a minority of full authority boards—less than one quarter—nominate and elect all of their own board members. The remainder have some or all of their boards designated by religious bodies. In addition, some have board members elected by their own faculty or alumni/ae associations.

Widely heterogeneous patterns of governance result from having so many different organizational structures and variations in selection mechanisms. It is somewhat surprising, then, that many practices recommended by board-serving organizations as techniques of good governance have been adopted by large majorities of theological school boards. For instance, virtually all boards that have governance powers have executive committees (89 percent). This is a standard practice that has been in place for a long time

in many institutions. Except in Canada, where boards function differently than they do in the United States, executive committees meet only three times a year on average, generally to plan meetings of the full board. Two-thirds of all executive committees can make "some" decisions on behalf of the full board, but only one-third have been given the power to act in their board's stead on all matters.[3] (Canadian governance norms are very different: More than half of the executive committees of Canadian boards can act for their full board, and many Canadian executive committees meet monthly.) Governance advisers generally approve such patterns, warning that an executive committee that becomes "the board within the board" can give other members of the full board the sense that their influence is diminished and their contribution unnecessary.

Almost as prevalent as executive committees are the practices of board education (sessions to inform the board about aspects of the school's work or the context in which it operates), board self-evaluation, and retreats (extended meetings to strengthen communication between board members and explore in depth topics of importance to the board's work). The first two mechanisms, board education and evaluation, are required by the accrediting standards for theological schools.[4] Accreditation review is generally decennial, but both education sessions and evaluation are now practiced more frequently. Three-quarters of boards, for instance, had at least one board education session during the two years before the survey. In addition, other board improvement strategies (such as board retreats) are being widely employed: almost two-thirds of schools had a recent board retreat. Routine reporting to the board also appears to be a regular practice: reports on academic programs, fundraising, facilities, enrollment, and finances were

highly rated by board members in the 2012 Auburn/In Trust survey.[5]

The most dramatic revision in traditional practices for some boards, in their aligning with contemporary ideas of good governance, has been the institution of terms and term limits for board members. No canonical history of seminary governance has yet been written, but descriptions abound of long—sometimes life-long—service on seminary boards. For instance, D. Willis James, a prominent New York merchant and philanthropist, was a member of the board of Union Theological Seminary in New York from 1867 to 1907.[6] In some institutions, board service was a family tradition: several generations in succession would be named to the board. Though these patterns were more common in institutions whose board members were selected by the board, they were not unheard of in schools that relied on religious bodies to nominate or elect their board members.[7] Over the past several decades, virtually all seminaries have instituted a system of terms for board members, so that membership is reviewed and renewed at regular intervals. As Figure 2 shows, a large majority (84 percent) limit the number of terms any board member can serve. Most often, limits of service are set at two or three terms of three or four years each in length. Longer service is possible, but most schools require at least a year to elapse before a board member who has served the full complement of terms can be re-elected. Though term limits are prevalent in all sectors, evangelical institutions are somewhat less likely (75 percent) to have them in place.[8]

The norm of term limits has been applied to board chairs as well. About half of boards

**Figure 2: Term Limits and Number of Terms**
**201 Schools, 2013**

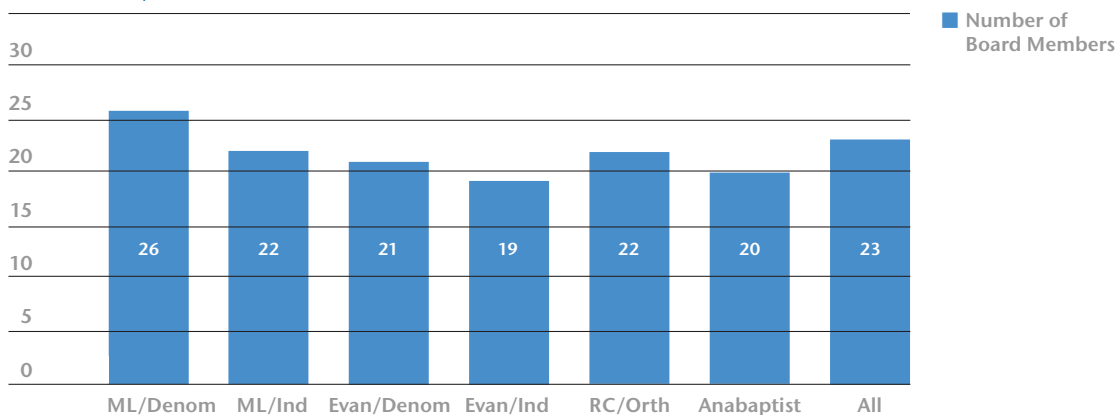| *84% of boards have term limits* | *Three years most common term length* |
|---|---|
| ■ 51%: two terms | ■ 55%: three years |
| ■ 31%: three terms | ■ 31%: four years |
| ■ 10%: unlimited terms | |

*Source: Survey, Commission on Accrediting, Association of Theological Schools, 2013*

elect the chair annually, the other half every two or three years. Many permit renewal of the board chair's term, for a total of five to nine years continuous service, but only after re-nomination at the end of each term. Very few institutions now have board chairs who serve indefinitely.

There are other indications that most theological schools try to keep up with best board practices. Over 90 percent routinely conduct evaluations of the president's performance at some point, with over three-quarters doing so annually or more often. All make provision for executive sessions, and about two-thirds of the boards that have full authority schedule board sessions without staff present at every meeting—a widely-approved method for exercising responsible oversight of the chief executive. Most provide for phone and conference votes; an increasing number have a dedicated portion of their website for board members only. Further, the level of attendance at board meetings is reported to be high— 85 percent, on average. This is probably the result of the widespread implementation of yet another good governance standard: reducing the size of the large boards that many seminaries had in the past to a level at which members feel responsible to attend and participate in decisions. The average size of boards is now, as Figure 3 shows, about 20. (The larger size of mainline Protestant and Roman Catholic boards reflects the larger numbers of advisory boards in those categories— these tend to be larger.)

**Figure 3: Board Size by School Tradition and Type**
**201 Schools, 2013**



■ Number of Board Members

| ML/Denom | ML/Ind | Evan/Denom | Evan/Ind | RC/Orth | Anabaptist | All |
|---|---|---|---|---|---|---|
| 26 | 22 | 21 | 19 | 22 | 20 | 23 |

*Source: Survey, Commission on Accrediting, Association of Theological Schools, 2013*

Until relatively recently, theological schools established their own methods of operation, paying scant attention to the norms in place for other organizations. The strong support of most seminaries by the religious bodies that sponsored and in some cases owned and operated them freed many institutions from the pressures of fundraising and student recruitment. The principal function of boards was to insure alignment between the school and the religious group that provided the resources it required. As the post-war religious boom receded in the second half of the twentieth century and many religious bodies began to experience decline, seminaries faced many of the same urgent pressures as did other institutions of higher education and other non-profit organizations: for more operating support, for deeper financial reserves, for new programs and financial aid policies to spur enrollment growth, and for the improvement of facilities. The patterns and practices described in this section are signs that theological schools have responded to these changes by adopting widely-recommended policies and procedures, thus strengthening the ability of their boards to meet pressing fiduciary responsibilities and to overcome such challenges.[9]

## 1.2 | Persisting Weaknesses and Challenges

Do the measures just described make the schools that adopt them more productive, effective, and stable? Some of these strategies, such as term limits, are safeguards against the abuse of authority or neglect of duty that may occur if power becomes concentrated in one person or sector. Others, like board education, provide equipment for the tasks of governance. Beyond any doubt, these changes and others, such as reductions in the size of boards so large that most members felt little responsibility to

contribute or even attend, have had the salutary effect of producing the high levels of satisfaction board members are now reporting with respect to their board service.

But do good governance policies and practices help boards to address substantive problems and to overcome functional deficits? Previous research identified weaknesses and gaps in seminary governance. This section reviews the findings of the earlier study and examines comparative evidence from the present one.

The 2002 research on board members posed concerns about the make-up and competence of seminary boards, especially those that have full authority or delegated responsibility for the policies that guide their schools.

- **Competence and expertise of board members:** The most pressing challenges faced by schools and the knowledge and abilities of board members often were not aligned.

- **Diversity:** Boards were significantly less diverse than the faculties and student bodies of the schools they governed.

- **Engagement of board members:** Satisfaction with board service ranked high, but critical awareness of the difficulties and dangers in the situation of many schools was not widely evident.

- **Age of seminary boards:** Theological school board members were much older than members of other educational and non-profit boards, raising urgent questions about replacement.

Each of these topics is revisited below, where findings are compared from both the older and more recent studies, in order to measure whether today's boards, with their considerable sophistication about board operations, have made progress or not.

| Most important goal of school | 2002 | 2012 |
|---|---|---|
| 1 | Increase number of students | Achieve financial stability |
| 2 | Achieve financial stability | Increase number of students |
| 3 | Increase public visibility | Develop new programs/delivery systems* |
| 4 | Increase quality of students | Increase giving* |
| 5 | Increase financial aid | Increase financial aid |

*Not an option in 2002

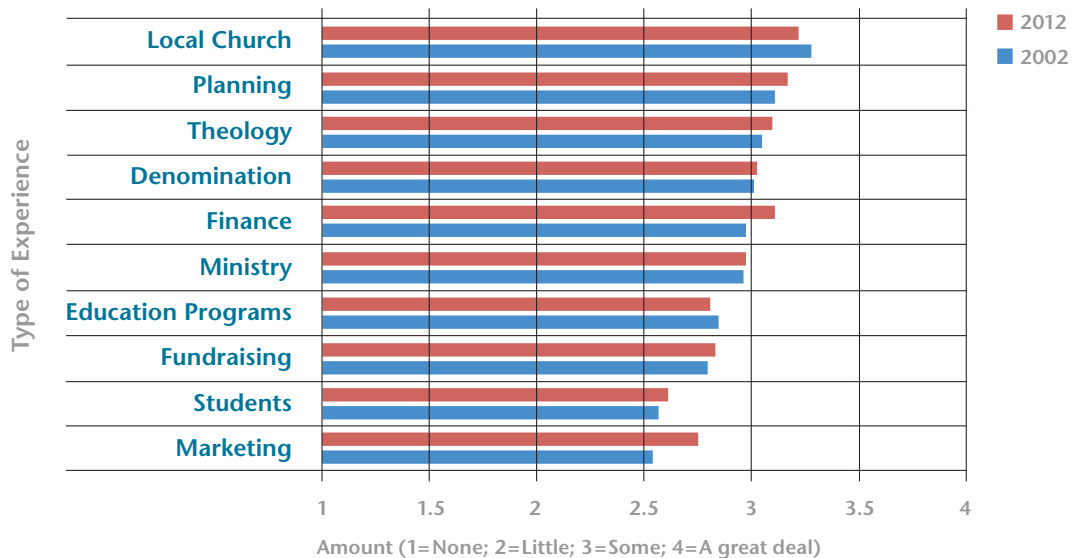Source: Auburn/In Trust Surveys, 2002 and 2012

### Competence and Expertise

Board members were asked in 2002 and again in 2012 what are the most important current goals of their institutions. The answers (see Figure 4) were similar and interrelated: increasing the numbers of students, achieving financial stability, and increasing financial aid to the students were all highly ranked at both ends of the interval. Financial stability, as the second highest-ranked goal in 2002, was understandably ranked first in 2012, just a few years after the major financial downturn of 2008. In 2012, two options newly added to the later survey were also highly ranked: increasing giving to the schools and creating new programs and program delivery systems. These important goals all reflect the difficult conditions within which theological schools, most of which are small and have limited resource bases, now operate.[10]

Board members' self-assessments in 2002 indicated that expertise was not closely matched to areas of need. As Figure 5 shows, there were only four areas on which the average self-rating by board members was more than "some":
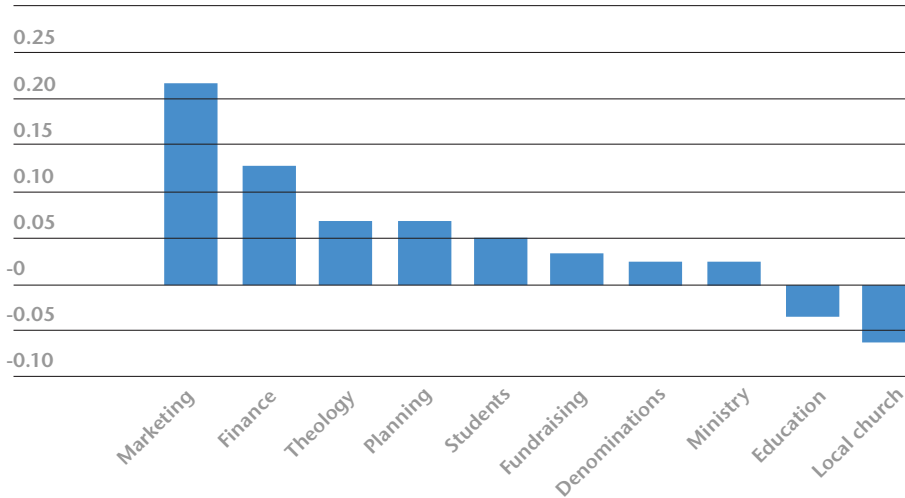
**Figure 5: Self-Rating of Expertise, 2002 and 2012**



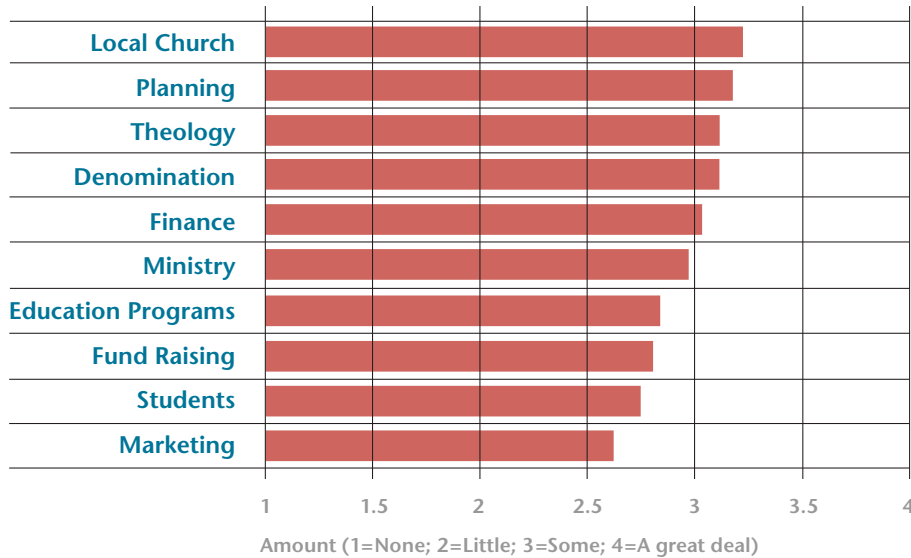Amount (1=None; 2=Little; 3=Some; 4=A great deal)

Source: Auburn/In Trust Surveys, 2002 and 2012

**Figure 6: Change in Self-Rating of Expertise, 2002–2012**



Source: Auburn/In Trust Surveys, 2002 and 2012

**Figure 7: Self-Rating of Expertise, 2012**



Amount (1=None; 2=Little; 3=Some; 4=A great deal)

Source: Auburn/In Trust Surveys, 2012

planning and church-related matters—theology, denominational relations, and local church affairs. At that time, church support for theological schools was waning, and this trend has continued, suggesting that board knowledge and contacts within church bodies have not made a significant contribution toward sustaining levels of direct support. At the same time, ratings on topics related to the areas of greatest need—finance, student affairs, marketing and fund raising—were low.

The 2012 survey shows some change in encouraging directions over the interval of a decade. Figure 6 shows higher self-ratings on important topics like marketing and finance. Most of the change noted on other topics, however, is negligible. Figure 7 shows a reordering in areas of expertise, as determined by the average self-rating by board members in the 2012 survey. Of all the areas most relevant to the goals that board members identified as critical

*Source: Auburn/InTrust Survey, 2012*

for their schools, only member expertise in finance is rated higher, on average, than "some."

Of greatest concern are the low self-ratings of board members on fund raising. More than half of all theological institutions are struggling financially. Since 2006, headcount enrollments have been falling, and full-time equivalent enrollments, which are more closely correlated with tuition revenue, have been declining even faster. The market crash of 2008 cut into revenue from the endowments and reserve funds of those institutions fortunate enough to have such resources. With traditional revenue sources under stress, fund raising—which also has been under stress due to the economic downturn—has become to the key to survival for a significant number of institutions. It was, however, one of the lowest-rated areas of expertise of board members. As Figure 8 shows, it was also one of the lowest rated areas of board performance, and board members' ratings of their own performance in this area were lower in 2012 (25 percent gave fund raising performance the highest grade) than in 2002 (when 34 percent gave this the highest grade).

The 2012 survey asked about board members' level of comfort with various aspects of fundraising. The results are shown in Figure 9.

The activities that require least personal contact—writing letters and providing names of prospective donors—are the most comfortable. Cultivation—spending time with prospective donors—is moderately comfortable; making telephone calls to donors and asking them for money is less so.

For many non-profit and most private higher education boards, personal wealth ranks high among criteria used in selection of board members. Not so for theological schools. Figure 10 shows the distribution of board members' income in 2012. Less than one fourth of

**Figure 9: Comfort with Fundraising**

| Activity | Comfort level<br>1=very comfortable<br>5=very uncomfortable |
|---|---|
| Writing letters | 1.70 |
| Providing names | 2.06 |
| Meeting donors | 2.07 |
| Making calls | 2.49 |
| Asking for money | 2.49 |

*Source: Auburn/InTrust Survey, 2012*

**Figure 10: Board Members'
Annual Household Income in 2012.**
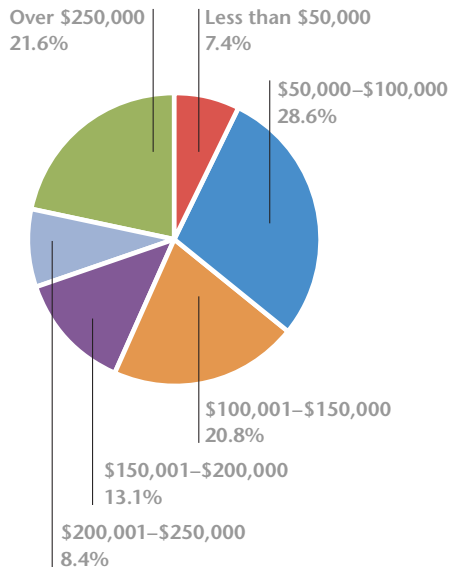


*Source: Auburn/In Trust Survey, 2012*

respondents to the 2012 survey reported annual income of more than $250,000 and less than one third (36 percent) reported an income above $200,000. More than one-third (36 percent), most of them clergy, had annual income of less than $100,000. Because most seminary board members are not very wealthy, it is not surprising that the median annual unrestricted operating gift was $2,000 in 2012—an amount that falls well below the minimum gift that many other educational and non-profit boards require. (Some board members made additional gifts. The median gift for restricted operating purposes was $1,000, but only 10 percent of board members made such gifts; the median gift for capital purposes was $5,000, with about one-fifth of respondents reporting making such a gift.)
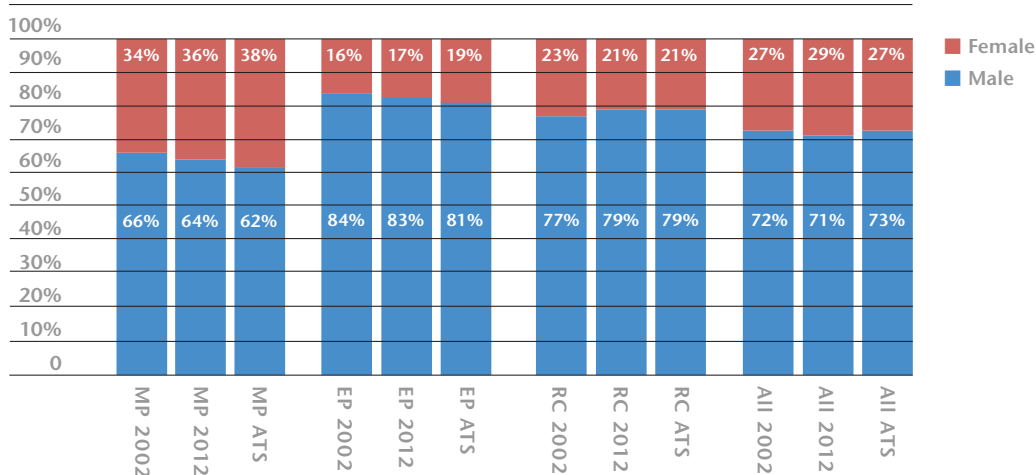
There are other signs that the fund raising needs of their schools are not as prominent for board members as they should be, given the financial condition of most institutions. Though three-quarters of U.S. boards require board members to make a contribution as part of their board commitment, only one seminary board in ten sets a minimum contribution level. (Again, Canadian boards are different: two-thirds of them do not require a financial contribution, and none sets a minimum amount.) And only one-third of board members have named the seminary they serve in their will, a percentage that did not change between 2002 and 2012. Uneasiness with the demands of institutional advancement and especially raising money is evident on other fronts too. Although board members' ratings of the performance of chief executives is generally highly favorable, as will be reported below, fundraising is the lowest-rated function of CEOs, and development officers are the lowest-rated of all senior administrators.

### Diversity

Almost all theological schools seek racial and gender diversity at all levels, including on their boards or advisory committees. Figure 11 collates data on gender balance in boards from the 2002 and 2012 surveys with information from the ATS survey of board make-up and structure. (The percentages of women respondents and percentages reported to ATS closely match.) In general, women are as well represented on boards as they are on faculties in each major religious sector, but both boards and faculties lag behind the percentages of women students. Half the student bodies of mainline Protestant schools, for instance, are female, but just over one-third of faculty and board members are women. Roman Catholic institutions exhibit a similar pattern. The percentages of women students in evangelical seminaries are roughly twice the percentages of faculty and board members. The chart also

**Figure 11: Gender of Trustees, 2002 and 2012**



| | Female | Male |
|---|---|---|
| MP 2002 | 34% | 66% |
| MP 2012 | 36% | 64% |
| MP ATS | 38% | 62% |
| EP 2002 | 16% | 84% |
| EP 2012 | 17% | 83% |
| EP ATS | 19% | 81% |
| RC 2002 | 23% | 77% |
| RC 2012 | 21% | 79% |
| RC ATS | 21% | 79% |
| All 2002 | 27% | 72% |
| All 2012 | 29% | 71% |
| All ATS | 27% | 73% |

MP = Mainline Protestant; EP = Evangelical Protestant; RC = Roman Catholic

*Source: Auburn Surveys, 2002 and 2012, and Commission on Accrediting of the Association of Theological Schools, 2012*

shows that in all sectors, progress toward gender diversity over the last decade has been very slow or nonexistent.

Information on racial diversity proved more difficult to collect and analyze. Racial/ethnic minorities were underrepresented in respondents to surveys of board members, and there were problems tabulating data on multiple racial identities in the ATS survey of board make-up. From the dependable data available, however, it appears that the pattern for race resembles the pattern for gender. In 2012, 19 percent of board members and faculty and 38 percent of students were non-white.[11] The average figures for board members (as well as for faculty and, to a lesser extent, students) are affected by concentrations of racial/ethnic minorities in some schools. The median percentage of racial/ethnic board members was only 13 percent, which means that half of all boards had racial/ethnic membership of 13

percent or less. Racial/ethnic representation in many theological schools and on their boards lags well behind representation in the wider population.

**Critical Engagement**

In 2002, board members were asked a series of questions about board operations and relationships. The responses were highly positive, leading researchers to question whether board members were fully aware of the difficulties confronting many of their schools. The decade since that study has brought even more serious challenges and problems. Financial stress and enrollment downturns head the list of pressing issues. In the fall of 2013, five years after the 2008 recession began, 50 percent of schools were still struggling with more than nominal deficits.[12] Beginning in 2006, overall enrollments began to fall at the rate of about one percent a year, a rate that has recently accelerated. In some sectors, the enrollment decline started sooner and has been steeper.[13]

To test the impact of these adverse developments on attitudes toward board service

and on perceptions of the adequacy of board performance, the 2012 survey posed some of the same questions as the survey conducted one decade earlier. Again, despite worsening conditions for almost all theological schools, board members expressed high levels of approval for all features of their board service about which they were questioned:

| Statement | Percentage who agree or strongly agree |
|---|---|
| ■ Board members observe confidentiality. | 96.5% |
| ■ Board members are open and honest in discussion. | 93.2% |
| ■ Decisions are made with attention to financial implications. | 88.9% |
| ■ Decision-making is shared appropriately. | 88.5% |
| ■ We have the right people on the board. | 83.4% |
| ■ Decision-making is efficient and timely. | 81.5% |

*Source: Auburn/InTrust Survey, 2012*

Board members were also asked how well their expertise was used by the board—93 percent said well or very well—and to rate their board experience overall. In 2002, they gave it a rating of 3.47 on a scale where 4 was high. In 2012 the rating was only slightly lower: 3.37.

On the one hand, these very high ratings are a sign that board members care about the schools they serve and want to do a good job. Service on the board, for most, is likely to be an expression of their religious and church commitments and their interest in the role their schools play in producing the leaders that churches and other religious institutions require. They hope—and they wish to believe—that their school is doing a good job. If administrative leaders provide mostly positive publicity (and seasoned observers who contributed to this study suggested that all too often this is the case), board members are rarely inclined to press beyond the positive reports to uncover evidence of problems and

unmet challenges. The data on board attitudes and performance self-assessment collected for the present study seem to indicate that the question researchers raised in the earlier study—whether board members are sufficiently engaged in the strenuous and sometimes life-threatening struggles of their schools, and sufficiently critical

**Figure 12: Age by Decade, 2012**



80+ 5%
Under 40 1%
40–49 7%
50–59 25%
60–69 38%
70–79 24%
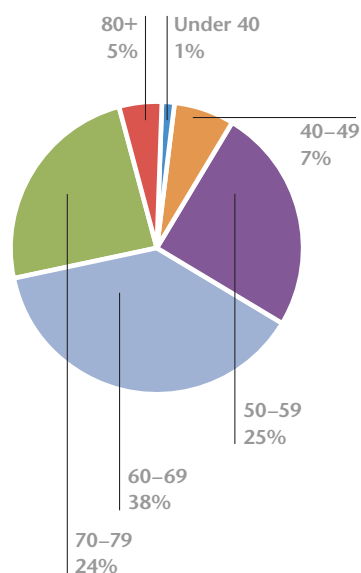
*Source: Auburn/In Trust Survey, 2012*

**Figure 13: Age of Board Members in 2002 and 2012**

|  | *2002* | *2012* |
|---|---|---|
| **Average age:** | 60 | 64 |
| **Median age:** | 60 | over 63 |
| **One-quarter:** | over 67 | over 70 |

*Source: Auburn/InTrust Survey, 2002 and 2012*

of efforts (which in many cases have not been successful) to better the condition of their schools—is even more pertinent now.

### Age and Replacement

Seminary board members are much older than members of other educational and non-profit boards. In 2002, half of theological school board members were 60 or older; only 36 percent of private colleges', 30% of public colleges', and 19 percent of other non-profits' board members fell into that age category.[14]

The average age of board members for theological schools—and indeed, for all kinds of institutions—has increased in the decade since that comparison was made. This is due primarily to the aging of the baby boomers who, as the largest population group, occupy many board positions. Figures 12 and 13 show the ages in 2012 of theological school board members by category and compare the 2012 respondents with those who replied in 2002. The age gap between seminaries' board members and those of other organizations is wide:
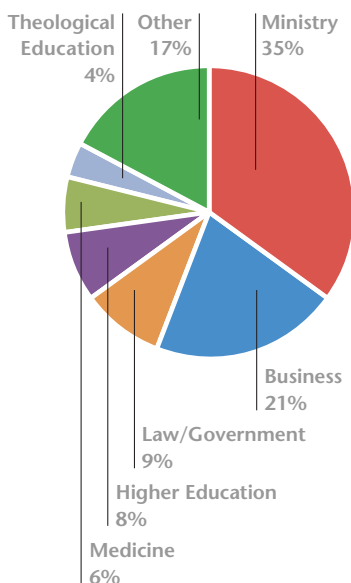
Advanced age brings with it certain advantages, such as long experience and potentially deep wisdom. (Elderly board members may also be prospects for bequests, which are usually the largest gifts made to theological schools, but 58 percent of board members 70 and older— well over half—have not made provision for the seminary in their will.) Most institutions that can be selective about whom they add to their boards seek those currently in positions of influence, those who have high current incomes, and some younger board members who can be groomed as replacements for older board leaders. Theological school boards, one-third of whose members were retired in 2012, have fewer board members in the age categories deemed highly desirable by other organizations.

Whether or not younger board members are preferable, a preponderance of older members accelerates the need to locate their replacements. Forty-two percent of board members in 2012 said that they were ordained clergy, and 35 percent said that their primary present or pre-retirement occupation was some form of ministry. Many of these board members, some of whom are nominated or appointed by their denominations, will be replaced by other clergy. But, as Figure 14 illustrates, the majority of board members are in secular occupations, including business, law, higher education, and

## Percentage of Board Members 50 and older

| | |
|---|---|
| ■ Private colleges and universities (2010) | 69%[15] |
| ■ Non-profits (2012) | 58%[16] |
| ■ Theological schools (2012) | 92% |

**Figure 14: Sources of Board Members: Present or Pre-Retirement Occupation, 2012**



Theological Education 4%
Other 17%
Ministry 35%
Business 21%
Law/Government 9%
Higher Education 8%
Medicine 6%

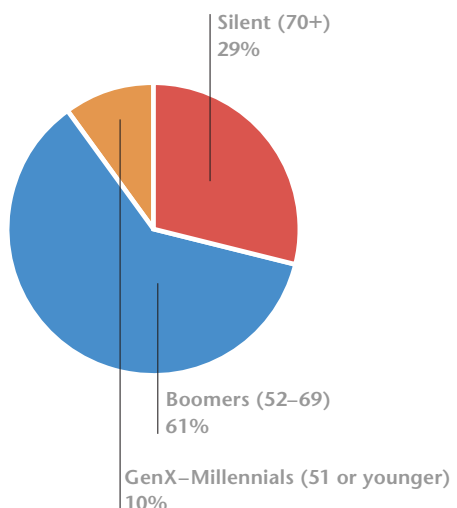*Source: Auburn / In Trust Survey, 2012*

other professions whose members are courted by other organizations for board service. These are the occupations whose practitioners bring some of the expertise that theological school board members report is in short supply—finance, marketing, public relations and fundraising— and whose contacts and compensation levels may orient them toward making major gifts and seeking donations from others.

How will persons from these sectors be recruited for service on seminary boards? Personal and family ties to theological schools have played a major part in attracting lay board members. More than one-third (36 percent) of the lay board members who responded in 2012 had either attended some seminary themselves (13 percent) or had a relative who had attended the school on whose board they were serving. That tradition may be difficult to sustain in the future. North Americans' religious affiliations

are far less likely than in the past to be ascribed by birth and more likely to be achieved by choice. One of the choices, increasingly popular among young Americans and Canadians, is disaffiliation from any formal religious group. In either case, whether the children of today's church members drop out of organized religion or switch denominations or faith traditions, a system of recruiting board members that relies on family ties is likely to be less effective.

Nor is it likely that today's younger board members will be the board leaders and members needed in the future. Figure 15 divides 2012 board members into generational sectors. An analysis of the youngest sector, those in the age categories usually labelled "Millenial" (30 and younger) and "Generation X" (31–51), was dominated by one type of board member. Two-thirds of them were graduates of the school they were serving as a board member (half of Boomers are such graduates, but this is true only for one-third of the oldest, "Silent" generation). These Millenial board members were more likely to be clergy and to serve on the boards of evangelical denominational seminaries as members nominated, elected, or appointed by the denomination. They were more highly educated than other board members, and they brought greater racial diversity, but they were significantly more likely to say that their expertise is in theology and church affairs and less likely to claim expertise in other areas that theological school boards badly need. Most of them are not wealthy. As Figure 16 shows, their earning profile almost exactly matches that of the retired Silent generation. Even if they did bring a wider range of backgrounds, skills, contacts and personal wealth, they will not likely be the board member of the future. Most were designated for board service by religious groups. They will probably not be

## Figure 15: Sources of Board Members: Cohort Generations, 2012

*Generations*



Silent (70+)
29%

Boomers (52–69)
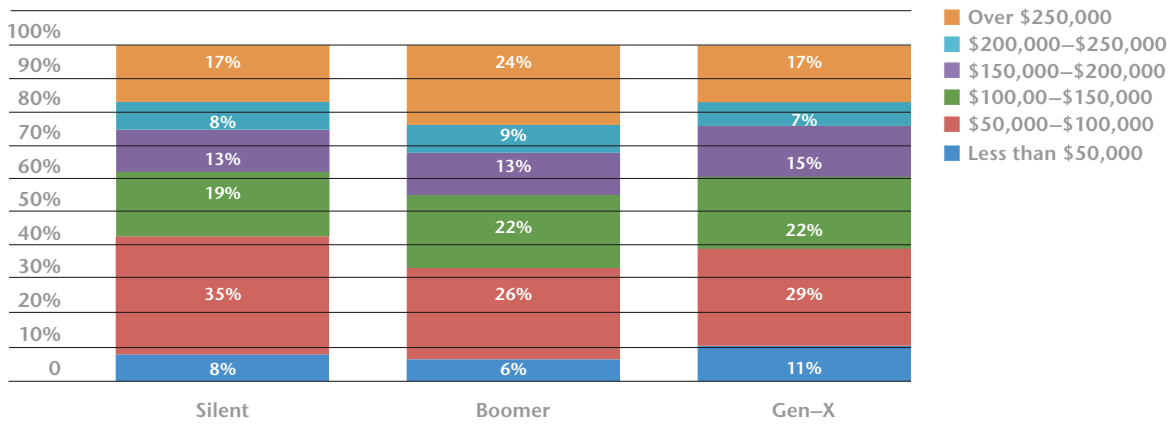61%

GenX–Millennials (51 or younger)
10%

*Source: Auburn / In Trust Survey, 2012*

selected by their denominations for service over the long-term, because religious groups that supply seminary board members often have some kind of rotation system in place.

Patterns of recruiting board members varied by the religious family of the school and its relationship to religious bodies. Figure 17 displays some of the differences. Evangelical institutions were more likely to depend on family relationships to identify board members. One-third of the board members of evangelical denominational schools—many of which serve small, fairly homogeneous denominations—were related to a graduate of the school (22 percent was the average for all board members), and these schools' board members are very likely (78 percent) to have been nominated or elected by a religious body. (To a lesser extent this is true for Roman Catholic boards as well: many are advisory; others are related to religious orders that appoint members to their boards.) By sharp contrast, a large majority of those recruited to serve on the boards of mainline Protestant seminaries had no prior contact—personal or familial—with the institution, and were less likely to be appointed by an authority outside the board itself. These features are especially prominent in the boards of mainline institutions that do not have denominational ties, several of which are university divinity schools whose boards are only advisory.

## Figure 16: Annual Income by Generation, 2012



Legend:
- Over $250,000
- $200,000–$250,000
- $150,000–$200,000
- $100,00–$150,000
- $50,000–$100,000
- Less than $50,000

| | Silent | Boomer | Gen–X |
|---|---|---|---|
| Over $250,000 | 17% | 24% | 17% |
| $200,000–$250,000 | 8% | 9% | 7% |
| $150,000–$200,000 | 13% | 13% | 15% |
| $100,00–$150,000 | 19% | 22% | 22% |
| $50,000–$100,000 | 35% | 26% | 29% |
| Less than $50,000 | 8% | 6% | 11% |

*Source: Auburn/In Trust Survey 2012*

**Figure 17: Sources of Board members by School, Tradition and Type, 2012**

|  | Family member attended school | Not involved before membership | Nominated or elected by religious body | Board member is clergy |
|---|---|---|---|---|
| Mainline Denominational | 18% | 57% | 45% | 41% |
| Mainline Independent | 8% | 72% | 20% | 38% |
| Evangelical Denominational | 35% | 54% | 78% | 49% |
| Evangelical Independent | 30% | 48% | 31% | 33% |
| Roman Catholic | 10% | 53% | 62% | 46% |
| All | 22% | 56% | 53% | 42% |

*Source: Auburn / In Trust Survey, 2012*

Two groups of schools have highly distinctive profiles.

*Mainline independent schools' boards and advisory committees* are, as noted, less closely tied than others to churches. Fewer graduates, relatives of graduates, and clergy are found among their members. Their members are more likely than members of other boards to work in higher education and theological education and to have higher levels of education. They are also far more critical than other board members of the school and of their own performance, especially in fund raising. Although they are among the wealthiest board members (27 percent had annual income in 2011 of more than $250,000; only independent evangelical school boards had a higher percentage of wealthy members) and are more likely than other board members to have served on the board of a for-profit corporation, they are also the least likely to have provided for the school in their will. The median annual gift for these board members ($1500) is less than the $2000 median for all board members. The boards of schools of this type seem to be mixtures of

academics and persons-of-means who offer critical perspective on the institution, but their prior association with the school and commitment to its future may be limited.

*Independent evangelical theological schools—*those with no denominational tie—lack the advantages that denominational sponsorship can confer: direct financial support and students directed or advised by their churches to attend that particular school. Most of these institutions lack substantial endowments. They were founded relatively recently, and some of their guiding traditions disapprove of accumulating reserve funds. Without the cushioning effects of denominational support and invested capital, they are very vulnerable to adverse economic events.

A few of these schools are lodged in universities that may be able to offer some protection, but most are free-standing and are heavily dependent upon their boards for survival. Therefore, the ways their boards are

constituted and operate may offer some insights into how boards can best contribute to the health and stability of their schools.

The 2012 survey documented a number of ways that these boards differed from others in theological education. Independent evangelical schools' boards were heavily lay in their composition, and they drew more heavily than other boards from the world of business. And although the numbers were small, they had more members from the fields of public relations and communications as well. Board members were drawn from a much larger geographical territory: On average, they lived 600 miles from the school (the average for Roman Catholics was 200 miles and for mainline Protestants 350 miles).[17] Their board members were, as already reported, the richest of any segment of schools—more than 30 percent made more than $250,000 a year in 2011. They graded their performance higher on fund raising, and the data suggest that the good grade was merited: These board members were the most likely to have made provision for a deferred gift to the institution, and their median annual unrestricted gift was more than twice the median for all board members.

The most striking difference between the board members of non-denominational evangelical schools and others is the length of their service. The overall median length of service of respondents to the 2012 survey was six years; the median for evangelical independent board members was nine years. Different policies create this distinction: Boards of schools in this category were less likely to have terms of board service or limits on the number of terms that a member can serve. Those schools that did report having terms tended to have longer ones. Some board

members serve for decades, reflected in the high average length of service for board members in this category: 12 years. Non-denominational evangelical seminaries, arguably the theological schools most dependent on their boards, appear to have concluded that they are best equipped to recruit the board leadership they need—lay persons whose volunteer time and financial support are in high demand—if they can forge a long-term relationships with members of their boards.

## *Summary:*

*Are the theological school boards getting better?* Responses to the ATS survey of board composition, structure, and practices revealed wide variations in the governance arrangements in U.S. and Canadian theological schools but remarkable uniformity in the adoption of policies and practices recommended by those who advise non-profit boards. Limited terms for members and chairs, board education and evaluation, limitations on the role of executive committees, relatively small board size, and flexible provisions for alternatives to face-to-face meetings are in place at the majority of theological schools.

Undoubtedly these good governance practices have had salutary effects. In the past, school boards were often hampered in their effectiveness. Many were too large to operate well. Sometimes the division of responsibilities between two boards (among the board types were trustees, directors, corporators, and "ministry boards" made up of all the pastors in the school's catchment area—there was a variety of terms for boards with different

assignments) undermined the operations of both. The tradition of semi-permanent and even hereditary membership could easily lead to ossification and resistance to change. Good governance practices have corrected many of these defects. Closer attention to matters such as well-defined process, power dynamics within the board, orientation of new board members, education of the whole board, and self-evaluation have all contributed to making boards more functional.

At the same time, however, there has been at most modest progress in addressing the substantive weaknesses of seminary boards: underperformance in some of the areas of the schools' greatest needs, lack of critical engagement with the school's most serious problems and challenges, and inadequate racial, gender, and age diversity. Most of these issues are related to the composition of boards. Many boards have only partial control or sometimes no control over who their members will be (as noted earlier, about half of all board members are nominated, elected or appointed by a religious body or official), which makes the recruitment of the board members needed to fill representational gaps difficult or impossible. But even those boards that can select some or all of their membership encounter obstacles. The population of church members is aging; young members are hard to find. The prestige of religious institutions has diminished and with it their social impact. Persons who have the background, expertise, influence, and resources that charitable organizations need are in high demand. Other organizations that seem to have

a better chance of making a difference may attract their involvement instead.

The weaknesses of theological school boards are not intractable. For instance, boards that have added members with strengths in finance in a response to the financial crises of the last decade now grade their board's performance better in financial oversight. The difference, however, is slight: 51% in 2002 and 57% in 2012 give their boards the highest grade on its performance of this function. Clearly it is easier to put in place "good governance" policies and procedures (as accomplished through revisions to the board's own by-laws) than it is to make changes in board composition and culture, both of which are to a large extent controlled or influenced by groups and trends outside the school.

The challenges facing theological schools cannot be met in a timely way by their boards alone, even when schools have boards with full or partial authority. Schools that do not have their own boards may get certain kinds of help from advisory or oversight committees, but this assistance is unlikely to make a decisive difference in the well-being of the school. Because of the limitations of boards and other forms of oversight, the system of shared or distributed governance in place at a school becomes critically important. This study collected information about other governance centers in the schools surveyed: the administration and, to a lesser extent, the faculty. It also included case studies of the interaction of the principal players in governance. The remaining sections focus first on the role of the chief executive in concert with faculty and other administrators and then on the interplay of the actors in theological school governance.

## 1.3 | The Role of the Chief Executive

Pressures on theological schools during the past decade have been extreme. The financial recession, the sharp drop in charitable contributions that followed in its wake, and the downturn in theological student enrollment have created difficulties for most institutions and crises for some. As this report has documented, boards have not been able to make rapid changes to address worsening conditions. Often the alternative, when responses are urgently needed, has been to empower the chief executive to act. Figure 18 shows a marked shift over just ten years in responses to the question "Which single group or individual is most often influential in decisions that affect the future of the school?" The full board (31 percent in 2012) and its executive committee (15 percent in 2012) gained 1-2 percent in influence over the period, but the president, already the influence leader (34 percent in 2012), gained 7 percent, while faculty and donors each lost about 2 percent. Almost no 2012 respondents, in fact, said that donors are most often influential.

There was virtually no criticism from board members of the increasingly powerful role that chief executives play. Ninety percent of board members said that the president/rector/dean has "the right amount of influence." Only six percent thought that the chief executive had too much influence.

Approval of, and confidence in, the chief executive were the most prominent themes in the responses to the 2012 survey. Earlier, this report recorded the high levels of approval that both 2002 and 2012 board members gave almost every aspect of their board and their service on it. Response items that involved the chief executive's performance and relationship to the board and other constituencies (most of these items were new to the 2012 survey) were rated even higher. A large majority—88 percent of board members—agreed or strongly agreed that "decision making is shared appropriately in the school." Even more (96 percent) agreed or strongly agreed that "the senior administrative team is doing a good job" and that "the CEO and board work effectively together." There was near unanimity (99 percent) that "the board has delegated sufficient authority to the CEO."

### Figure 18: Which Group or Individual is Most Often influential in Key Decisions? 2002 and 2012
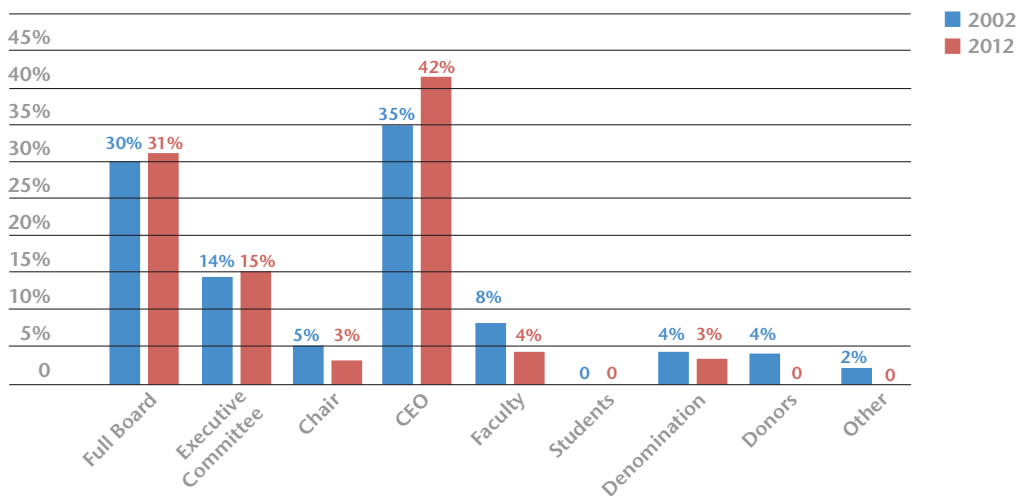


*Source: Auburn/In Trust Surveys, 2002 and 2012*

Presidential performance was highly rated on almost every function:

| Functions | Mean effectiveness (1=A; 2=B) |
|---|---|
| ■ Exercising fiscal discipline | 1.50 |
| ■ Developing a shared vision | 1.53 |
| ■ Building a strong administrative team | 1.58 |
| ■ Maintaining a constructive relationship with the faculty | 1.61 |
| ■ Consulting appropriately on decisions | 1.62 |
| ■ Relating to outside constituencies | 1.63 |
| ■ Cultivating donors and securing gifts | 1.89 |

Board members also gave chief executive high marks on the qualities that earlier studies have found are associated with presidential success:[18]

| Qualities | Mean rating (1=A; 2=B) |
|---|---|
| ■ Ability to articulate the mission of the school | 1.21 |
| ■ Discipline to do the necessary work | 1.31 |
| ■ Fairness | 1.38 |
| ■ Ability to make difficult decisions | 1.49 |
| ■ Interpersonal skills | 1.52 |
| ■ Humility | 1.54 |
| ■ Ability to listen to others | 1.56 |
| ■ Ability to work through conflict | 1.65 |
| ■ Openness to criticism | 1.77 |

The reciprocals of the lowest-rated items on both these lists—inability to ask for money, aversion to conflict and oversensitivity to criticism—have been associated with some widely-publicized institutional failures and conflicts in recent years. Some presidential failures have stemmed from personality clashes with board or faculty members: Conflict avoidance and personal insecurity on the part of the president have been prominent in these cases. Other, broader institutional failures are usually the result of financial instability. Inability or unwillingness to raise funds aggressively is often a contributing factor (but, it should be noted, so is lack of fiscal discipline on the part of both presidents and boards, and fiscal discipline is a function on which presidents get high marks). Even the lowest-rated functions and qualities, however, still got rather high grades.

Responses to an open question about strengths and weaknesses reflected the same pattern of enthusiastic approval. It yielded over 1300 responses in the category of strengths, with "leadership," "vision," "communication," and "dedication/commitment/passion" leading the list with 100 or more responses each. The list of weakness was much shorter—about 750 responses. The only items listed 75 or more times were "overworked" and "fund raising."
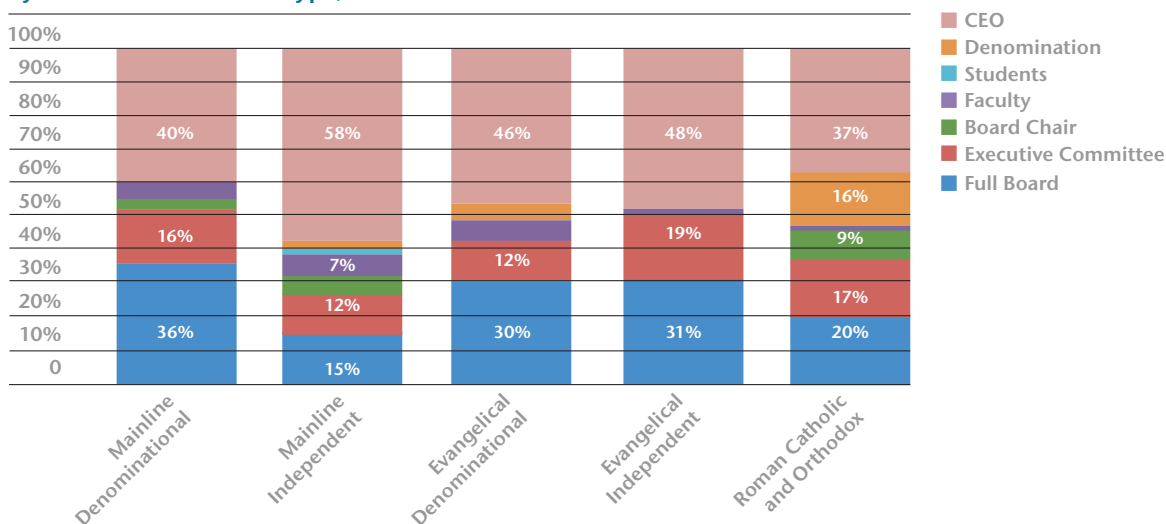
Overall, boards think highly of the chief executive they employ, and the positive rating extends to most of the members of their senior teams. Here are the overall performance grades of senior administrators:

| Positions | Performance Rating (1=A; 2=B) |
| --- | --- |
| Chief Executive Officer | 1.41 |
| Provost/Executive Vice President | 1.54 |
| Chief Academic Officer | 1.57 |
| Chief Financial Officer | 1.57 |
| Chief Development Officer | 1.96 |

Power, influence, and initiative in theological school leadership seem increasingly to gravitate toward the chief executive. In the nineteenth century, before the theological institutions then in existence had presidents, boards played central roles, even conducting certain educational activities, such as final exams.[19] As the professoriate became a highly respected profession in the early twentieth century, faculty were ascendant, and presidents served chiefly as chair or president of the faculty. By the beginning of the twenty-first century, however, few if any theological schools'

governance was dominated by the faculty, even in the group of schools at which the faculty had gained the most decision-making power, mainline Protestant institutions with no denominational ties. In these schools, as Figure 19 shows, 7 percent of board members of those institutions said that the faculty was the most influential "person or group" in making decisions about the future of the school. This is a higher figure than in other types of schools (the average for all was 5 percent), but it is low compared with the percentage who said that the board or its executive committee was most

### Figure 19: Most Influential Person or Groups in Setting Direction by School Tradition and Type, 2012



Legend:
- CEO
- Denomination
- Students
- Faculty
- Board Chair
- Executive Committee
- Full Board

Mainline Denominational: Full Board 36%, Executive Committee 16%, CEO 40%
Mainline Independent: Full Board 15%, Executive Committee 12%, Faculty 7%, CEO 58%
Evangelical Denominational: Full Board 30%, Executive Committee 12%, CEO 46%
Evangelical Independent: Full Board 31%, Executive Committee 19%, CEO 48%
Roman Catholic and Orthodox: Full Board 20%, Executive Committee 17%, Board Chair 9%, Denomination 16%, CEO 37%

Source: Auburn/In Trust Survey, 2012

influential (35 percent) and the percentage who said that the dean, president or other chief executive was most influential (44 percent).[20]

Boards, which gained a new kind of power in the last half century as their fiduciary responsibilities increased in response to pressures on schools, are still viewed as influential, but in no sector were board members more likely to say that the full board was more influential than the president. And compared to the almost stratospherically high grades that board members gave chief executives on every function (all A's and 90's except on fund raising), they rated themselves fairly low on their most important function: orienting the school to the future. Only 77 percent agreed or strongly agreed that "the board takes initiative in setting direction." With the exception of Roman Catholic diocesan seminaries that are governed by the bishop of the owning diocese,[21] the influence of denomination, which once dominated some schools, has waned. In the last decade, as noted earlier, key donors have become less influential as well, as their capacity to make major gifts has diminished. Most of the information gathered for the present study points to the same conclusion: Because today's theological schools face serious threats to their strength and stability and because the composition and culture of their boards and other governance arrangements change very slowly, this is a period in which the chief executive is the governance pivot and, in many instances, the most powerful force.

**Governance that insures the health and strength of an institution requires interplay between overseers, administrative leaders, and the faculty.**

## 1.4 | Models of Governance: What Works

Governors alone cannot govern effectively. Governance that insures the health and strength of an institution requires interplay between overseers—the boards or religious officials who govern free-standing schools and the university officials who supervise the operations of embedded ones—administrative leaders, and the faculty. This study augmented the survey instrument used in previous research with visits to five institutions that were judged to have especially effective patterns of governance and with interviews with chief executives of six additional schools that observers identified as being well governed. From these cases, two patterns of good governance emerged.

### Executive-centered governance

Not surprisingly, given the prominence of chief executives in the findings of the survey research, the most common effective governance pattern has a mature and skillful president, rector, principal, or divinity school dean at its center. His or her relationships with the other participants in governance make the whole system work.

"Don't underestimate the relational quality of a quality board," said the chair of the board of a free-standing school that relies on this model and that was a visit site for this study. "The president is our leader. He wants everyone to feel as if they belong." In this institution, the president vets all prospective board members, looking for fit with the culture of the institution as well as talent, diversity, and expertise: "He thinks a lot about the chemistry as well as the constitution of the board." "He does a good job

of picking. The people are so exciting. They are great and unique people. No deadwood."

Though the initial attraction of board members may be to the president who recruits them, because they are selected with such care ("Many are called, few are chosen," one told the researchers), they soon discover each other and form a community in which, they say, they find great value. "I get so much more than I give," said one board member. Another reported that his wife told him: "When you come home from those meetings, you are a nicer, more considerate, more thoughtful guy than when you left." He said that he remembered his father, who preceded him on the board, coming home from meetings. He recalled that his father also had been a "nicer, more considerate, more thoughtful guy" than when he left. "It's humbling to be with those people," said the board member. "It's a mountaintop experience." "Time flies," says another. "I get so much more than I can ever give."

The respect and admiration that these carefully chosen board members have for each other seems to have a positive impact on the board's work. Attendance at most meetings verges on 100 percent. No one wants to miss the opening lunch with faculty or the after-hours socializing, and board members say that they form life-long friendships during their time on the board. But this board does more than party. During meetings, there is reported to be vigorous debate. "Because there is a high level of trust," one member says, "we can speak our minds, work our way through tough issues." "It's not a pro forma board. Not like-minded. We have disagreements, but they are never disagreeable." The cohesion of the board is enhanced by the fact that in the structure of this particular board, committee meetings are short, even cursory. Big issues come to the board as a whole.

The collegiality extends to the senior staff. The president involves board members as advisors in key hires, but, he says, he "has never sternly laid out the rule forbidding contact with board members." "The president is generous enough and there is enough trust between us to make this work," says the development officer. According to a former chair, board/staff contact is feasible because "the board doesn't overreach, is appropriately invested, tells the staff to use us as needed to effect changes."

All this depends upon an extraordinary president. Here are some adjectives that board members use to describe him: "serious, substantive, humorous, open, great balance— neither too much compassion or too little decisiveness—smart, personable, clever, likable, people skills, man of God, scholar: What more do you want?" The president is generally viewed as confident and secure, open to valid criticism, and willing to trust board members and staff to function responsibly without his constant oversight or control. One of this president's most effective qualities is candor. Every board meeting begins with an executive session in which he shares the problems he faces and admits to the board what he perceives to be his own mistakes and failings. He then leaves the room and encourages the board to discuss his performance, reporting to him later their conclusions about errors he has made or changes he should make.

There is evidence that such mutual admiration—between president, board and staff, and usually faculty—can devolve to the good of the school. This institution responded early and decisively to the 2008 financial crisis. The chief financial officer and the chair of the

board's finance committee proposed together to treat the crisis conditions as, they said, "a new normal." The president readily agreed. Cuts were made immediately and financial projections revised. Because staff members were released, there was considerable unhappiness in the school, including protests from the faculty that consultation had been inadequate. The board stood firm: "There is no daylight between us and the president" at a moment like this, said the chair. They did take the extraordinary step of holding an open meeting for the faculty to express their distress, but after that they returned to their usual patterns of interaction with faculty: sharing lunch at every board meeting and having faculty act as educational resources for board members' churches. They took the additional step of inviting a faculty representative to sit in on board finance committee meetings, so that in the future, faculty would be better informed about complex financial realities.

A pattern of governance centered on the chief executive is in place in many institutions, including those that do not choose their own boards. As the ATS survey of board structures revealed, at least half of the presidents do not have the opportunity to participate in, much less dominate (as did the president just described), the selection of board members or other overseers. In many free-standing schools, some or all board members are nominated, elected, or appointed by religious bodies or officials. The president of one such school, a church-controlled denominational seminary, demonstrated a high degree of interpersonal skillfulness, first in persuading church officials to appoint persons he had identified to the board (which was formally advisory, but in

actuality made some important decisions on a delegated basis) and also by working skillfully with a "mixed" group of advisory board members, in whose appointments in some cases he had not played a part.

Deans of embedded schools face an equivalent challenge. They rarely have a role in selecting the provost or president to whom they report, so relational flexibility becomes all the more important. The deans of embedded schools visited for this research had honed their skills at "managing upward"—molding their approach to fit the strengths and quirks of the university or church official, or church-appointed governing body, to whom they report. The qualities of openness and generosity that served the highly effective president of the free-standing school just described made a significant difference in these embedded institutions as well. For instance, all the deans had discovered that taking on university assignments, even though these might have no immediate relevance for their schools, earned them a measure of respect from senior administrators and occasionally university boards. This in turn placed them in good stead when later making a case for the needs of their schools. Lateral outreach—the ability to work well with peers—can be very effective too. Several successful deans of embedded schools had become, in effect, the "dean of the deans" in their university setting. In this role as a leader of equals, they were more prominent in the university, and thus they were more likely to secure needed support for the theological school than they would have been had they focused on their "own" school exclusively.

Where visits or interviews were conducted, the presidents and rectors of church-controlled schools and university deans of embedded schools demonstrated interpersonal skillfulness

**The welfare of embedded and church-governed institutions depends on the quality of relationships the schools' chief executives have managed to cultivate.**

in the selection of their administrative associates: they looked for candidates who would function well in the wider system in which the school operated, and they urged faculty members with relational skills to accept assignments in the church or university. Over and over, heads of church-controlled and embedded schools as well as those to whom they report told us that the welfare of embedded and church-governed institutions depends, more than anything, on the quality of relationships the schools' chief executives have managed to cultivate. One dean remarked that "in a setting like ours, it matters a whole lot more who the zookeepers are than how the zoo is designed."

Executive-centered governance appears to be the dominant model in theological schools, and there are numerous examples of its effective implementation in both free-standing and embedded schools. There are, however, significant weaknesses or dangers built into this approach to governance. One is obvious: whether or not this model of governance succeeds depends on the skills of the person who builds and maintains it—the president, rector, principal or dean. If the chief executive does not have the appropriate relational gifts or is defensive, insecure, or over-controlling, the model opens the door to one-person rule. While interviewing at the now well-governed site visit schools, researchers heard several tales of presidents who

had created in times past "a reign of terror" during which everyone—faculty members, administrators or board members—was afraid to cross the tyrannical president. There were also reports of highly relational presidents who were forced to build their boards and administrative teams under great pressure, because the school faced imminent failure. In these cases, there was not enough time to create collaborative cultures either within the board or between the board, administration, and faculty. Rather, those talented individuals who constituted the core of governance related chiefly to the president who recruited them. When he or she left office, there was significant attrition. That kind of fall-off is a danger even in settings like the one described in detail above, where meticulous attention has been given to the "chemistry" of the board, staff, and faculty. "None of this is on automatic," said a board member at that school. "It's on manual. Not sure what you would have if you took away the president and the good people he has picked." To sustain executive-centered governance that works, it is necessary to find very gifted successors.

A more subtle danger of this governance approach is that it minimizes the chances that the board or other overseers will challenge the chief executive. Even the wisest and most mature executive leader can be wrong. "Things [that the president proposes] do get tweaked and modified all the time" says a board member of the seminary described in detail above, "but nothing's been stopped in its tracks." A senior staff member at that school muses that "there's not much dirt under the rug, but a little more pushback would be good. Maybe a little more tension." The president agrees that "the board may cut the president too much slack, though I have been talked off various ledges by the chair and others." A board recruited by and

loyal to the sitting president (or church or university superiors who have been carefully cultivated to work collegially with the head of a church-controlled or embedded school) may well hesitate to disrupt a smooth-functioning relationship by confronting their chief executive, even when they strongly suspect that he or she is headed in the wrong direction.

### Engaged-Governor Governance

Over an extended period of time, one site visit school had made major efforts to minimize the disadvantages of executive-centered governance—especially any dependence on a single gifted individual—while preserving many of the positive features of this model. The institution described itself as having created a long-lasting culture of governance, whose core was the mission of the school rather than the personality of the president. "There's a strong ethos here," said a former board chair. "The trustees care about the mission." "We are part of a thoughtful, big tent religious movement. Joining the board is joining the movement. The commitment is visceral—not just to this institution, but to something larger." Another long-time board member concurs: "An awareness of the history gives the board stature. They are part of something grander and bigger. There is a legacy of significance that is hard to replicate." In the words of another board member: "We are stewards of the ethos, but we didn't have to create it."

The building of this mission-centered board that is capable of persisting over time is an accomplishment credited to an earlier president. He took many of the same steps that the presidents of executive-centered schools use to assemble a board of extraordinary quality and workability: a vigorous search for talent, careful screening to assure a good fit between each person's values and the seminary's, and

"Joining the board is joining the movement. The commitment is visceral—not just to this institution, but to something larger." *A former board chair*

assiduous, patient pursuit of persons identified as excellent prospects, even if they were initially reluctant to serve. He then took a further step. He insisted that board members make the mission of the school their priority. "There is a strong ethos here," says a former president. "It was created by one of my predecessors but now it's an historically-grounded culture of trusteeship." He also devised ways for the board to hold him and his successors accountable for achieving the mission. "He did not want a yes board," said a member whose parent had chaired the board in that earlier president's day. "He always looked for what was best for the seminary, not just the people he wanted to have around him." Though he exercised powerful moral leadership of the school, he also made clear that the board rather than the president had final say about institutional direction. For most of the time since, says the former president, the board has "taken their ownership very seriously. Board members quickly make the transition from 'you' to 'we' when talking about the school."

A president built this ownership board, but as it has moved through time, the center of gravity has not been the president, or at least not the president alone. The board chair and key leaders have been right at the core. They have kept the focus on both the school's ultimate purposes and the challenges that the school faces. "[Our leadership] puts difficult things on the table,"

said a member, "unlike boards that focus only on cheerleading and fund raising." Presidential initiative was also welcome. Relationships have been as carefully tended in this institution as they are in executive-centered governance. Over time, the presidents of this school have been carefully chosen for their interpersonal effectiveness, among other qualities, and each has been highly respected, both in the school and well beyond. These presidents, however, have not been as dominant in their governance as some elsewhere, and on a number of occasions "daylight" between the president and the board has been very evident. In one notable recent case, a major presidential proposal— for physical plant development—was rejected as not sufficiently justified by the school's long-term mission directions. The board also, at a much earlier point, insisted that a president appoint high-level senior staff in an area in which the president himself wasn't strong. More recently, board members noticed that certain enrollment and financial indicators were trending downward, despite the current good condition of the school. Because of this, the board asked the administration and faculty to adjust educational programs to make them more sustainable. The tradition of accountability, established early on, has continued over a long period of time.

Another dimension of ownership can be seen in how this board has been restocked. Most new board members have been located by other board members. "The president doesn't choose the board. The board chooses the president," said the chair. After selecting the next generation, long-time members have inculcated the new ones, teaching them, in the words of one of the newer members, "the tribal narrative." This handing-down of traditions and values has worked in part because this school, unlike most free-standing seminaries, does not impose limits on the number of terms its board members can serve. Board leaders claimed to do a good job of counseling non-contributing members off the board, but it has kept its key leaders and contributors in place, sometimes for decades. This practice has created intense loyalty, not so much to the president and other board members, as in the executive-centered board (few members of this engaged-governor board reported forming personal friendships within the board); rather, the attachment is to the school.

That attachment has taken tangible form. Board members have been the school's core donors, making major gifts over and over again. Several families have been represented on the board by parents followed by their children. "The mantra in my family," said a second-generation board member whose family owns a nationally-famous company, "was faith, family, and the seminary. As a child I wondered where the company the family founded and that everyone worked in fit into the picture."

As in the executive-centered approach, there has been open communication between board and senior staff other than the president. Indeed, said a senior staff member, the presidents have fostered communication and have not been threatened by it. The recently-retired president's only rules, said someone else, were "don't surprise me" and "don't ask board members for money." Such flexibility worked because this board, for the most part, has observed a reasonable separation of powers between board and administration. "We understand our role," said a board member. "We don't overstep." When the board has micromanaged, said the former president, it is because it was invited to do so in situations

where the administration really needed the expertise of particular board members.

Remarkably, given the power of this board, relations between it and the faculty have been excellent. A series of presidents has skillfully interpreted the board to the faculty, and the board has regularly included several nationally respected figures from higher education who have signaled to the faculty that respect for academic values is built into the board. The result, says a board member, has been "a partnership ethos. The board knows that the school is only as good as its faculty." "No one dreads board meetings," according to the president. "In fact, faculty members complain that they don't see enough of the board. There is tremendous respect in the board for the scholarly vocation of the faculty."

The culture of engaged governance that this school has worked decades to establish clearly has many benefits. Continuity, commitment, and critical engagement: these are characteristics that, if shared by the governors and the governed, can make for institutional quality and strength. When the model is working well, board members (or other overseers) who understand the work of the school and the roles that it plays in its wider context have the potential to steer the school in wise and even inspired ways, keeping its mission in view when those engrossed in day-to-day operations lose sight of the demands of the longer-term future. Perhaps the greatest value of a deeply engaged board, however, is its capacity to carry the gains of one presidency into the next. In the executive-centered model, continuity is entirely dependent on the commitment and capacities of the successor. In the engaged-governor approach, the school's values, ethos, guiding policies,

and vision are firmly planted in the board and carried by it through time.

This model too has limitations and weaknesses. Solid accountability relationships— and, even more, a continuous tradition of this kind of governance—are very hard to establish for embedded institutions and others that have little say in who their board members are. It is hard to imagine how the model could be fully implemented in an embedded school. No matter how adept a dean might be in educating supervisors and creating a decision-making partnership with them, the theological or divinity school leader cannot insure that new university leadership will have the same views and values and will take seriously the commitments of their predecessors. The case studies included several embedded institutions in which an exemplary three-way accountability arrangement had been forged between a president, provost, or church official who was deeply committed to the mission of theological education; a university board or and church oversight body, at least part of which knew enough about the enterprise to educate the whole board and to offer real direction; and a seminary dean who deeply respected the overseers, trusted their good faith interest in the school, and welcomed their wise oversight. In some of these embedded schools, there was also an advisory committee that, despite its lack of real authority, worked hard and helped to carry the institutional memory through time. In every one of these ideal cases, however, the dean or president volunteered that he or she was aware that everything could come apart in an instant should a university president or church official or oversight committee come into office who, in the words of several deans, "knew not Joseph." More than one dean pointed out that a major obstacle to sustaining the commitment of those to whom they report is the fact that

**Continuity, commitment, and critical engagement: these are characteristics that, if shared, can make for institutional quality and strength.**

in any larger system, the theological school is usually the smallest unit and the least productive of revenue. That makes it an easy target for cuts and reductions in support. At one school embedded in a university whose current president, unlike his predecessor, views theological education as a shrinking part of the higher education picture, a faculty member told us that she is afraid the school is about to be "dismantled for parts." The rector of a Catholic seminary whose bishop is highly supportive of the school but whose diocese is under severe financial pressures said, "I'm glad that my term ends before he is set to retire."

In schools that have their own board but that do not select some or all of their board members or that have strict term limits adopted by the board or imposed by a church body, continuity is also a challenge. With a constantly rotating roster and/or membership that the board itself does not determine, it is not often possible to create a durable tradition of governance. When facing a board that may have limited knowledge of the school or the context and tradition in which it stands, presidents understandably may hesitate to share the most serious issues with which they are grappling.

Even in schools that have the freedom to choose the members of their boards and that have some flexibility about length of service, all the elements of the engaged-board formula need to be in play all the time for its successful operation. Practices like long or unlimited terms can backfire unless board leaders set and enforce high performance standards. If non-contributing board members are allowed to stay around forever, resting on their laurels, the board will ossify and the school will come to a standstill. Board power can be overplayed. In both theological education and the wider world of higher education, expert observers reported, there have been egregious instances of boards trampling on the legitimate roles and responsibilities of chief executives and faculty. Board leaders who know the board's proper limits are essential. The model also requires a succession of secure, non-defensive presidents who can handle criticism and correction and who understand that making themselves accountable to a strong and knowledgeable board benefits the school. If even one president who feels threatened by an engaged board that makes real decisions starts to hide problems and overplay successes, the culture of accountability will die out.

### Policy Governance

One of the most prominent models of governance, which originated with for-profit corporations but was later adapted for non-profits, is the policy model promoted by John and Miriam Carver, whose collection of comments deploring the state of governance headed this report. In the policy model, everyone has a role and stays strictly in it. The role of governors is to determine the ends of the organization, the difference that it should aim to make in the sector it serves. Policy ends are communicated to the executive, whose role is to determine the means to implement those ends. Executives and others who work for the organization have little or nothing to say about its mission and purpose, and governors have no role in overseeing operations, except that they may, as part of their fiduciary role, specify limits, what the executives and staff may not do as they work to achieve the mandated ends. Policy governors do not receive reports on operations,

or review staff plans or work; they do not give advice, even in their areas of expertise. How things get done is none of their business. Their business is policy, and that territory is exclusively theirs. The chief executive and executive staff may be asked for information relevant to policy, but they have no role in setting it.

Some non-profit organizations do use this governance model in more or less its pure form; contributors to this research have noted that versions of the policy model have been applied, though not often, in higher education. Generally, however, chief executives of educational institutions are not willing to be limited in their function to implementing policies they have no say in making. Faculties are rarely if ever willing to stay completely out of the process of shaping their school's mission. And especially in theological schools, even the largest of which is relatively small, it is unlikely that board members who bring special expertise to the school will refrain from overseeing operations in areas where they know as much as or more than the school's administrators.

It is not surprising, then, that none of the institutions recommended as a case study of "governance that works" operates by the policy model. Some elements of policy governance, however, especially its careful delineation of role boundaries, were used to good effect in the case study institutions. For instance,

policy governance dictates that boards or other governing authorities speak with one voice, making policy decisions that everyone holding a governance role then signs on to, whether they voted for those decisions or not. That is a sound principle. When governors act as individual power brokers, it almost always guarantees that those inside the organization will end up working at cross-purposes, each believing that they have the backing of someone in authority. In both the executive-centered and engaged-governor models described in this report, the rule that the full board would back a majority board decision was firmly in place. The emphasis on ends, on goals stated in terms of the most profound impact an institution hopes to have, was also evident. Determining ends (though perhaps more collaboratively than the Carvers would like) was the main business of boards and overseers, and most prominently so in the engaged-governor model. The monitoring of operations was secondary. In both settings, board members were well aware that, even though they had general oversight of operations (an arrangement that the Carvers disapprove), it was not their role to manage operations. "Noses in, hands off," said one member of a non-policy board. Policy governance is unlikely to meet the governance needs of most theological schools, but some of its emphasis on rules and roles is salutary.

## II. Reflections and Recommendations

Knowledgeable observers of theological education interviewed for this study echoed much of the general dubiety quoted earlier in this report about the effectiveness of boards. One stated the problem sharply: "Too many boards do not know what the school does for a living." (The same, he noted, could be said of some of the officials who oversee embedded

schools.) Others pointed to an apparent paradox: Those board members whose expertise and access to resources are most needed by schools in order to cope with current pressures such as financial constriction and enrollment decline know less about the purposes and

contexts of theological education than do the church and theological education insiders they may be replacing. In the course of reflective conversations, one long-time leader in this field questioned whether the volunteer board model can still function in the current environment to sustain and strengthen theological schools.

Another seasoned observer addressed the question: "I'm a big believer in boards," he said, "though I've rarely served on a good one. Ownership has to be broader than those whose job it is to implement the vision. There needs to be a link between the vision and the future—someone has to be keeper of the flame between administrations—and self-authorizing staff can't supply that kind of continuity." That perspective, and the fact that the board and other oversight structures that govern theological schools are firmly in place, lead to the following reflections and recommendations based on the data in this report.

## 2.1 | For the long-term good of their institutions, chief executives should enable and encourage those who govern the school—boards and other overseers—to take an active role in setting direction and monitoring progress.

This report has recounted how, as conditions affecting theological education have worsened and problems have increased, chief executives of theological schools have become more pivotal and powerful simply because boards and other governance structures have not usually been flexible enough to respond to fast-changing circumstances in a timely way. For schools facing threats to their survival, increasing the scope of presidential responsibility and the executive's decision-making power has been a necessity. Critical as this move has been in the

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short-term, however, presidents cannot sustain, let alone save, institutions on their own. They should constantly be looking for ways to induce those who supervise their work to take a more active role.

This does not happen as often as it should, for several reasons. One is time. The president who built the "engaged" board described earlier in this report said that he spent the largest part of his time—well over half his working hours— in contact with the board and its members. That board traveled together as a body to sites that had relevance for the school's work. It engaged in extended conversations about the religious environment and the school's place in it: All this activity was organized and resourced by the president. In addition, the president devoted considerable time to individual meetings with board members, both to provide information about the school and to get their counsel on critical issues. In this case, since all the board members were selected by the board, many came to the board highly informed and well-equipped at the start. Nevertheless, the president still spent vast amounts of time on board education. Executives whose boards are selected by church officials or bodies or who have no say in the selection of those university officials to whom they report would probably have to expend even more effort and time to capacitate their governors to take a highly active role. Under

normal circumstances that would be a challenge. Recently, amid so many adverse conditions, it has become even harder to find the time needed to give those with the power to make ultimate decisions the tools they require to do that well.

Another obstacle is the temptation, when reporting to those who have the authority to make judgments about performance, to emphasize gains and accomplishments and at the same time to conceal difficulties, losses, and mistakes. Sometimes the motive is self-protectiveness, a common human tendency that most executives would probably admit is in play some of the time, but publicizing the positive dimensions of institutional performance (and minimizing the problems) can also be a rational strategy for presidents and deans whose boards or other overseers are not well-equipped to make critical decisions. Some who are in a position to govern theological schools have little or no knowledge of the school and the world in which it operates; others are wedded to models of governance from other sectors, such as business or church life; and some university administrators are unsympathetic to the aims and purposes of theological education. In these cases, keeping the governors at arm's length makes sense. If the board or supervisors cannot supply the understanding and wisdom that important decisions require, there may be a valid reason for working around them.

A third reason that boards and other governors may be left on the sidelines when decisions central to the future of the school are made is concern that they may violate the norms of shared or distributed governance. Administrators and faculties may fear that overseers will overplay their hand, shutting them out of key decisions. And indeed, there have been a few boards in the history of theological education that have excluded

**Engaged boards and supervisors bring diverse perspectives from outside the school that can help those who run the institution anticipate the wider impact of its programs and policy decisions.**

presidents and faculties from their legitimate roles in decision-making, but short of that frightening prospect, presidents and others inside the school may seek to preserve a balance of power among governance partners by keeping overseers at a distance from decisions, the nuances of which (presidents and faculties may believe) the overseers do not understand.

Evidence from this study suggests that these fears are misplaced. The study site that had gone farthest toward creating a comprehensively engaged board was also the school that had the best relationships among board, administration, and faculty members. This and other findings add up to a single conclusion: Both immediately and in the long term, schools will benefit if their governors are actively involved in shaping the school's mission, determining its direction, and setting a policy framework in which day-to-day decisions are made by executives, administrators, and faculty.[22]

In institutions where boards have been chiefly decorative or university officials have been uninterested in the theological school, it may require strenuous effort (and, as already mentioned, time) to educate governors for their task, to involve them in key decisions, to accept their judgment when it differs from the executive's own, and to keep them from straying, once they are more deeply involved,

into managerial territory where they do not belong. It is effort, however, that stands a good chance of success. One wise observer who reviewed the data amassed for this study pointed out that the evidence shows that most board members as well as church and university officials are primed to become more deeply and critically involved. On surveys and in site visits, they express deep admiration for the school, firm commitment to its mission, satisfaction with their board service, a very high opinion of the chief executive, and positive judgments of the faculty and most members of the school's administrative team. Their approving attitudes are an excellent starting point for converting reverence toward the school and its leadership into actively responsible engagement.

The benefits of critically and supportively engaged governors are great. Engaged boards and supervisors bring diverse perspectives from outside the school that can help those who run the institution anticipate the wider impact of its programs and policy decisions. They can provide an essential link to churches and other constituencies whose good opinion and support the school needs to survive. As illustrated in the case described earlier in this report, engaged board members may support the school financially at very generous levels and, given the depth of their commitment, be immune to common forms of donor fatigue. University officials who are invited to weigh in on key internal decisions may advocate more vigorously for the needs of the school with trustees and other university decision makers.

The most important benefit of engaged governors is the continuity they provide over time. Boards and church and university officials who know the school well—both its strengths and its problems—and who have been active partners in guiding its direction and meeting its most serious challenges are in the best position, when an executive vacancy occurs, to decide what kind of leadership the school needs in the next period and to hand on the stewardship of the mission to new administrative and board leaders. Engaged governors can also be executors of the legacy of a distinguished administration. Executives who hope that their most meaningful accomplishments will have benefits for the school beyond their tenure can best realize this goal by keeping governors at the center of the decision-making process. In so doing, chief executives capacitate those who govern to "keep the flame" from one era of presidential leadership to the next.

## 2.2 | Boards and executives should do their utmost to find the best people for governance roles.

Several findings of this study and of previous Auburn Center research on governance focus on deficiencies in the composition of governing boards: the advanced age of board members and lack of diversity among them were identified as defects, and the mismatches between board members' expertise and the goals and challenges of the school they serve were named as persistent problems. For many schools, the issue of board composition is what has long been called a "wicked problem," one that resists easy solutions or, in some instances, any solution at all.[23] Boards that do not select some or all of their own members and school deans who have no say in the selection of those they report to cannot directly enhance their schools' governance by better selection. Schools that do have a range of choices contend with larger forces—including a declining interest in organized religion and the dearth of young members and non-Anglo

**Boards that have the freedom to select their membership can be more diligent in developing a pool of potential members.**

members in some religious communities—as they seek new members for their boards. For almost all, changing the composition of boards and other governance arrangements is a significant challenge.

The limitations and trends just described are real. It is worth the effort, however, to try to overcome them to any extent possible. Boards that have the freedom to select their membership can be more diligent in developing a pool of potential members. They can look with special intensity for strengths where they are weak. All current board members should be involved in the search for their successors, funneling names to a committee that screens and then cultivates the most likely prospects. Finding the right future board members is the first step. Convincing them to serve is the next. Involving those with the highest potential for useful board service in some event or project before approaching them about board service has proved a successful recruiting technique for some institutions. Concentrated attention from the chief executive and board chair is usually essential in convincing people who are in high demand as board members to join a seminary board.

Leaders of embedded schools and schools governed by outside religious groups or officials can apply these techniques in their search for persons to serve on their advisory committees. They can also, sometimes, have more say about who makes decisions if they negotiate changes in decision-making structures. One divinity school dean, for instance, became the organizer of professional school deans in his university. Together, they convinced administrators to recognize that the publishing patterns of their faculty members were different than those of

the scientists whose standards had dominated in university tenure decisions; as a result, key decisions about tenure were made by persons better attuned to the standards of excellence in professional schools. Similarly, the rector of a diocesan Catholic seminary worked to establish a pattern of collaboration between the chief financial officers of the school and the diocese, including the agreement of the bishop to approve whatever they jointly presented to him. Both examples illustrate the fact that, short of a role in selecting the person or persons with ultimate authority for the school, leaders of embedded and church-controlled institutions can sometimes arrange for important decisions to be made by those who know the school and its needs.

## 2.3 | Patterns of denominational and university control may need to be adjusted to enable theological schools to fit themselves for the future.

The governance structures of most theological schools were devised in times past, when very different patterns of relationship between churches and schools were in place. The governance structures of many denominational schools were controlled, in whole or in part, by church bodies who were reciprocally providing a large measure of the financial support that the schools needed. Many denominations also required that their prospective ministers attend the denomination's seminaries, ensuring a steady flow of students. Schools founded as part of a university or as part of a college-seminary combination were similarly well supported. Usually they were viewed as central to the mission of the larger institution. Although most did not contribute tuition revenue to the larger institution at the same rate as undergraduate colleges or, as

**Figure 20: Total Gifts and Grants to Theological Schools from Religious Organizations—All Schools Reporting to the ATS, 2001–2013**
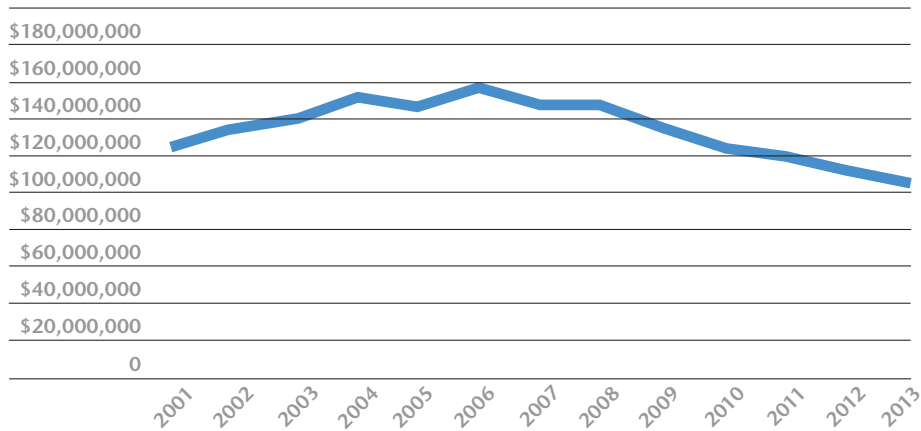


*Source: Commission on Accrediting of the Association of Theological Schools*

did other graduate schools established later, it was assumed that they were magnets for raising funds from religious constituencies for the whole institution. In exchange for the valuable religious identity the theological school conferred, the university usually subsidized it.

These patterns have changed dramatically. Financial support by most denominations for their associated seminaries has declined sharply. The decline is evident in Figure 20, which shows that in 2006 gifts from church sources to all ATS member schools were $154 million; by 2013, contributions had shrunk by 31 percent, to $106.5 million. Mainline Protestant divinity schools are part of universities that now either have no religious identity or see their denominational character as located exclusively in their theological school. These secularized universities are much less inclined than they were in the past to find special subventions for the divinity school. Catholic and evangelical Protestant universities that have seminary divisions have often refocused their programs to attract a broader base of support; although still Christian—albeit in a more generic sense—they are now less likely to attract denominational support or donors who have

special commitment to a seminary that educates religious leaders of a particular denomination or religious tradition.

Meanwhile, there have been few changes in governance structures. Positions on the boards of denominational seminaries are frequently filled by religious bodies that use criteria that are not correlated with the needs of the schools. Embedded schools and those controlled by church officials or committees are often restricted in their efforts to build a solid constituency and recruit donors. Yet more and more in recent years, these institutions are expected to balance their budgets without special support from the institutions that own them. If the theological school fails in its attempts at self-support, it may be penalized.

Sponsors and owners cannot continue to have it both ways: they cannot control their theological schools tightly without offering them support and still expect them to survive and thrive. "Governance," said a commentator on the findings of this study, "and funding have to be aligned." The "wicked problem" of many

schools—that they are governed by persons whose knowledge and understanding of their work is limited—will only be resolved when schools have a sufficient measure of freedom to forge their own futures.

Strong bonds to religious traditions, denominations, and parent or partner institutions are critical for the schools' survival. Those bonds should not be broken. In many instances, though, they need to be loosened. Schools that have boards need more latitude in selecting board members competent to help them solve their most pressing problems and find the resources they need. Those that are governed in other ways—by a church or a university— have to be permitted to forage for themselves, for both funds and students. Often this means a development officer for the school whose work is coordinated with the controlling body but not tightly constricted by it, as well as the freedom

to shape marketing and recruiting strategies for their most likely student constituencies, which may be very different from the constituencies that the parent university or church group cultivates for other purposes.

**This study has demonstrated that many features of theological school governance are under stress. It also shows that governance can and does work remarkably well in some institutions. A determination to educate governors to assume their full role in decision-making, attention to the composition of boards and to patterns of decision-making in schools that do not have boards, and revising governance structures of church- and university-controlled schools to provide the degrees of freedom they need to make their own way: these steps hold the promise of governance that can work for all.**

## How this study was conducted

**This project gathered data from four sources:**

**(1) Governance structure and practices.**
A questionnaire was sent to approximately 270 member institutions of The Association of Theological Schools in the United States and Canada (ATS), seeking information about governance structure and practices. Among the topics of the survey were: level of authority of the governing or advisory board; make-up of the board (gender, race, clerical status); alumni/ae, faculty, and student representation on boards; terms of members and chairs; and frequency of activities such as board educational events. There were also questions about the method of selection of board members, but it proved impossible to capture the variety of election

and appointment methods by survey, so the answers to these questions were not usable. 201 institutions completed the questionnaire, for a return rate of 74%.

**(2) Background, expertise and views of board members.** In Trust, an organization that provides resources for theological schools and that has had a special focus on boards, made available its mailing list of board members for both the 2002 survey and a follow-up survey in 2012. The return rate in 2002 was 38%; in 2012, 1079 completed questionnaires were received, a return rate of 32%. The 2012 survey included many questions from the earlier research about board members' background, expertise and

assessments of the quality of governance of their institutions. The 2012 survey, seeking information about the effectiveness of shared or distributed models of governance, included additional questions about board members' views of administrative leadership and relationships with faculty.

**(3) Patterns of governance.** Barbara Wheeler, director of this study, and Helen Ouellette, a widely experienced higher education administrator, made six site visits to institutions reputed to have well-functioning, durable patterns of governance. They included three free-standing schools (two Protestant, one Roman Catholic) and three embedded in small universities. Chief executives, academic, financial and development officers, faculty, and board members were interviewed in the course of these visits. In addition, interviews were conducted, in person or by telephone, with chief executives or board members of other schools in these categories and embedded divinity schools of large universities.

**(4) Consultations.** In the course of the project, the researchers consulted persons who have wide knowledge of and experience in theological education governance. Their views were gathered at the beginning of the study

and preliminary findings were reported to them for interpretation. Among those who contributed perspectives and narrative data to the study were staff members of the Association of Theological Schools; staff and consultants from the Auburn Center for the Study of Theological Education; staff of In Trust and persons who have worked through In Trust as board mentors for seminaries; and member of the Ecology Group, an occasional gathering of heads of institutions that provide resources for theological education.

The project was made possible by collaboration among three organizations. The Center for the Study of Theological Education received the grant that supported the study from Lilly Endowment Inc. The Center's staff conducted the survey research on board members and published this report of findings. The Association of Theological Schools provided oversight for the project and its Commission on Accrediting conducted the additional survey of board members. In Trust provided the mailing list of board members and assisted in questionnaire preparation. In addition, staff of both In Trust and the ATS participated with Auburn Center staff in interpretation of findings from all phases of the study.

## Notes

1. Cited in "Le modèle Policy Governance et les organismes sans but lucrative," *Gouvernance–revue internationale,* Vol. 2, nos. 1, Winter 2001, pp. 30-48. Available on-line at https://www.nmc.edu/about/board-of-trustees/agendas/2013/031213-retreat.pdf.

2. Barbara G. Wheeler, "In Whose Hands? A Study of Theological School Trustees." *Auburn Studies* No. 9 (2002).

3. More than half of all Canadian boards have the power to act for the full board, but only one quarter of U.S. boards can do so.

4. Commission on Accrediting, "Standards of Accreditation," *Bulletin,* part 1 (Pittsburgh: The Association of Theological Schools, G-16, Standard 7, section 7.3.1.11).

5. Board members gave lower grades to the information they received on student life, indebtedness, placement of students after graduation, and performance of graduates in their work after they finish school.

6. *Union News,* Fall 2007, Union Theological Seminary in the City of New York, 3. Available at http://www.utsnyc.edu/Document.Doc?id=281. In 1903, James donated $1,000,000 for the construction of Union's Morningside Heights campus; it was said at the time to be the largest gift ever made to a "religious education institution." After James death, his widow made an additional large gift for the construction of a Gothic chapel at the seminary, to be named in memory of her husband.

7. Auburn Seminary's board was elected by church bodies (initially the whole board was church-elected; eventually this was changed to a majority of members). Nevertheless, the son, nephew, grandson, and great grand-niece of President George Black Stewart served on the Auburn Seminary board for a total among them of nearly 100 years of service.

8. Term limits are an almost universal practice in Canada— 94 percent of boards have them—and Canadian schools are more likely to limit members to two terms.

9. Boards have also increasingly used coaches or mentors for help in improving their practices and procedures. In Trust, which provides mentors to theological school boards, reports that 90 institutions, or one-third of the total number of ATS schools (and a much higher percentage of schools that have their "own" boards) have used an In Trust mentor in the last decade.

10 Anthony Ruger and Chris A. Meinzer, "Through Toil and Tribulation: Financing Theological Education 2001-2011." *Auburn Studies* No. 18 (2014), p. 18.

11. These figures exclude board members, faculty and students who are non-resident aliens or international students.

12. Information provided by the Association of Theological Schools. "More than nominal deficits are $250,000 or greater."

13. Barbara Wheeler, Anthony T. Ruger, and Sharon L. Miller, "Theological Student Enrollment." *Auburn Studies* No. 16 (2013). Barbara Wheeler, Anthony T. Ruger, "Sobering Enrollment Figures Point to Overall Decline" (Wilmington, DE: *In Trust Magazine,* Spring 2013).

14. Barbara Wheeler, "In Whose Hands?" *Auburn Studies,* No. 9 (2002). Figure 3, p. 4.

15. Association of Governing Boards of Universities and Colleges, *2010 Policies, Practices, and Composition of Governing Boards of Independent Colleges and Universities* (Washington, DC, 2010).

16. BoardSource, *CEO Survey of BoardSource Members* (Washington DC: Nonprofit Governance Index 2010, Data Report 1, 2012).

17. Evangelical schools related to a denomination also drew from a wide geographic area—about 600 miles on average.

18. Barbara G. Wheeler, Douglass Lewis, Sharon L. Miller, Anthony T. Ruger and David L. Tiede, "Leadership That Works: A Study of Theological School Presidents." *Auburn Studies,* No. 15 (2010).

19. George Blackman, *Faith and Freedom: A Study of Theological Education and the Episcopal Theological School* (New York: Seabury Press, 1967), p. 87.

20. Board data for mainline Protestant independent schools are complicated by the fact that some are university divinity schools that do not have their own governing boards and some are free-standing institutions that rely heavily on their boards for support.

21. Note that both "denomination" and "board chair" are rated as influential for Roman Catholic schools: often the bishop who governs the school as a corporation is the board chair.

22. A recent report on higher education governance reached similar conclusions about the necessity of trustee engagement (which the report called "activism"). It was especially critical of the mistaken conception of shared governance: "Shared governance—which demands an inclusive decision-making process—cannot and must not be an excuse for board inaction." Benno C. Schmidt, Chairman, *Governance for a New Era: A Blueprint for Higher Education Trustees, Report of the Project on Governance for a New Era* (Washington, DC: The American Council of Trustees and Alumni, August, 2014), p. 2.

23. There is a vast literature on wicked problems, which have become a standard topic in social systems and organization science theory. The first use of the term seems to have been in a guest editorial by C. West Churchman in *Management Science,* 14, No. 4, Dec. 1967.

# Auburn Center Publications

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Auburn was founded in 1818 by the presbyteries of central New York State. Progressive theological ideas and ecumenical sensibilities guided Auburn's original work of preparing ministers for frontier churches and foreign missions. After the seminary relocated from Auburn, New York, to the campus of Union Theological Seminary in New York City in 1939, Auburn ceased to grant degrees, but its commitment to progressive and ecumenical theological education remained firm.

As a free-standing seminary working in close cooperation with other institutions, Auburn found new forms for its educational mission: programs of serious, sustained theological education for laity and practicing clergy; a course of denominational studies for Presbyterians enrolled at Union; and research into the history, aims and purposes of theological education.

In 1991, building on its national reputation for research, Auburn established the Center for the Study of Theological Education to foster research on current issues on theological education, an enterprise that Auburn believes is critical to the well-being of religious communities and the world that they serve.

In 2013, with its 200th anniversary in sight, Auburn embarked on a new strategic plan intended to marshal its many resources towards the central mission of equipping leaders of faith and moral courage to work to heal the world. As part of this plan, we reaffirm a strong and enduring commitment to a vigorous research agenda on topics relevant to the Center's constituency in theological schools and will continue the high quality Auburn Studies many look to us to provide. In addition, under a broader umbrella of Auburn Research we will develop exciting new initiatives such as Applied Theology, a set of studies seeking to let deep theological convictions speak to pressing public issues.

## Auburn Center for the Study of Theological Education

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