

New governance study

In 2002, the Auburn Center for the Study of Theological Education published its first research report on seminary boards. That study, *In Whose Hands?: A Study of Theological School Trustees*, reported on the backgrounds of theological school board members, their views of the institutions they served, and their preparation for the tasks of governance.

The follow-up report, titled *Governance That Works: Effective Leadership for Theological Schools*, has a broader focus than that of the previous study and incorporates four research segments:

1. The Commission on Accrediting of the Association of Theological Schools (ATS) queried all 270 member schools about their governance structures and practices. Seventy-four percent of institutions completed the questionnaire.
2. Using contact information provided by the In Trust Center for Theological Schools, researchers from the Auburn Center for the Study of Theological Education surveyed individual board members of ATS member schools. Thirty-two percent of those surveyed returned the questionnaires, which included many of the same questions that were asked in 2002.
3. Research team members Barbara Wheeler and Helen Ouellette made site visits to six institutions reputed to have well-functioning, durable patterns of governance. In addition, in-person and phone interviews were held with chief executives and board members of other schools, including divinity schools embedded in large research universities.
4. Consultations were held with leaders who have wide experience in governance at theological institutions — among them, staff members from the Association of Theological Schools, the Auburn Center for the Study of Theological Education, and the In Trust Center.

This article is an excerpt from the full report, which will be available online this spring at www.auburnseminary.org/religion-and-research.

Effective leadership for theological schools

Research on seminary board governance reveals a mixed record

By Barbara G. Wheeler

Consider these dilemmas:

- 1 **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, hostile to the outsider from day one, refuses to cooperate, and the president reacts angrily. The board watches the conflict as if it were a tennis match. The battle escalates, and the faculty votes no confidence in the president. The board gives in to the faculty lobbying and fires the president.
- 2 **Membership on the large board of a leading seminary** is viewed as a prestige appointment, especially by graduates who are pastors of prominent churches. Over decades, expenses have been mounting and revenues declining, but legacy endowments have provided a cushion. Two presidents in succession have regularly assured the board that financial rearrangements would keep it secure. In 2009, a new president arrives. He discovers a large intractable deficit and learns that expendable funds that have kept the seminary solvent are now almost exhausted.
- 3 **A small seminary on the verge of financial collapse** learns that a college of its denomination is willing to adopt it. The presidents of the college and the seminary, old seminary classmates, see many advantages: the college offers survival to the 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. But when a new college president takes office, he replaces the seminary head and sets steep financial goals for the seminary, which again struggles to meet its financial commitments, much as it had prior to the merger.

These vignettes describe actual events in North American theological schools during recent decades. Readers who know the seminary world may think that they can identify the schools. If so, they may be both right and wrong. In this summary form, each of these tales of governance failure is not so far removed from the experience of several schools.

The research team has drawn several conclusions, which are detailed in the full study. This excerpt focuses on two:

- Theological schools have adopted many policies and practices recommended by experts on higher education governance.
- Theological schools continue to face major governance challenges. The baseline study from 2002 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.

How much power and autonomy do theological school boards have? Governance structures at theological schools are widely varied and becoming even more so: one-third of ATS member institutions are embedded in or partnered with another institution and do not have their own boards, and freestanding 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. **Figure 1** shows that different streams of religious tradition have different patterns of governance.

Although the majority of the boards of freestanding schools have full authority over their institutions, there is also diversity within that group. Some Protestant boards have only partial authority, with certain powers reserved to their denomination. Most Roman Catholic seminaries owned by dioceses are governed by a single church official, and while their boards may play significant roles, they have no legal powers. Roman Catholic schools owned by religious orders may have either partial- or full-authority boards.

1

Board authority by school tradition and type, 2013 201 schools

■ Full authority ■ Partial authority ■ Advisory

Mainline denominational



Mainline independent



Evangelical denominational



Evangelical independent



Roman Catholic and Orthodox



Protestant denominations are divided into two broad categories: "mainline" and "evangelical."
 "Denominational" = Operated by or affiliated with one or more denominations
 "Independent" = No formal denominational tie

Source: ATS Commission on Accrediting survey, 2013

The varieties of board structures are reflected in differing modes of board member selection. Only a minority of full-authority boards — less than one quarter — nominate and elect all their own members. The remainder have some or all of their boards designated by religious bodies. In addition, some have board members elected by faculty or alumni/ae associations.

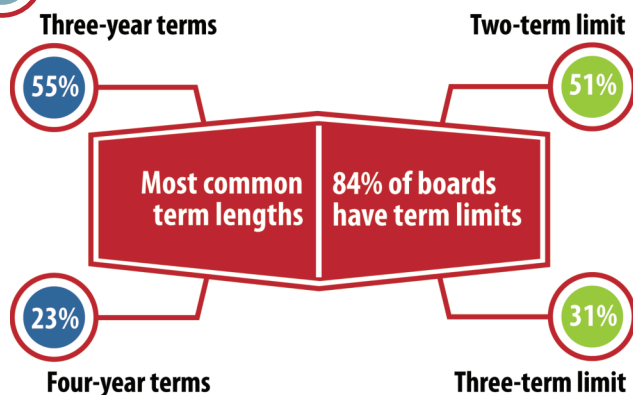
Good policies and practices now in place

Considering the widely heterogeneous patterns of governance, it is somewhat surprising that large majorities of theological school boards have adopted practices recommended by board-serving organizations. For instance, many boards have embraced 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 topics of importance). Almost two-thirds of schools report that they have recently held a board retreat.

The most dramatic revision in traditional practices for some boards has been the institution of terms and term limits for board members. 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 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

2

Term lengths and limits, 2013 201 schools



Source: ATS Commission on Accrediting survey, 2013



Board size by school tradition and type, 2013
201 schools

Average number of board members

Mainline denominational	26
Mainline independent	22
Evangelical denominational	21
Evangelical independent	19
Roman Catholic and Orthodox	22
Anabaptist	20
All	23

Source: ATS Commission on Accrediting survey, 2013

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.

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

There are other indications that most theological schools try to keep up with best board practices. More than 90 percent routinely conduct evaluations of the president's performance, with over three-quarters doing so annually or more often. All make provision for executive sessions. Further, the level of attendance at board meetings is reported to be high—85 percent, on average. This may be the result of the widespread implementation of another good governance standard: reducing the size of large boards to a level at which members feel responsible to attend and participate in decisions. The average size of boards is now about 23, as Figure 3 shows. (The larger size of mainline Protestant and Roman Catholic boards reflects the larger numbers of advisory boards in those categories, since these tend to be larger.)

Persisting weaknesses and challenges

Has the adoption of good governance practices equipped boards to meet new and ongoing challenges to their institutions? Several areas of governance weakness were identified a decade ago. The current study revisited those findings.

Competence and expertise of board members

Board members were asked in 2002 and again in 2012 about the most important current goals of their institutions. As Figure 4 shows, the answers were similar across the years: 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, 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.

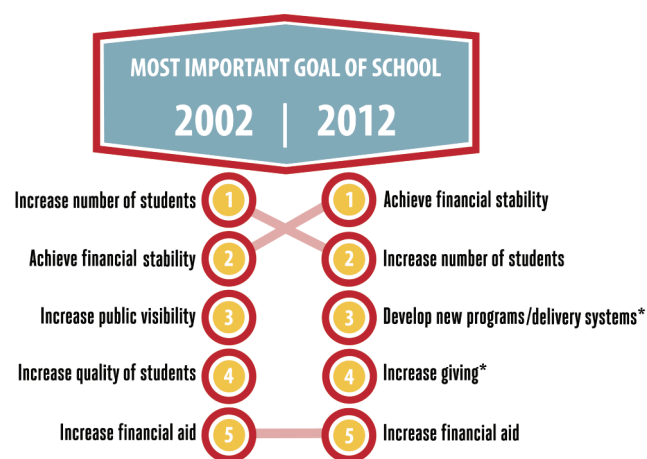
How well equipped are board members to guide their schools toward these goals? Board members' self-assessments in 2002 showed that expertise was not closely matched to areas of need. As the light blue bars on Figure 5 show, the only topics on which the average self-rating by board members was more than "some" were planning and church-related matters (theology, denominational relations, and local church affairs). In 2002, 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 fundraising—were low.

The 2012 survey shows a few encouraging changes over the decade. Self-ratings on important topics like marketing and finance are higher, as shown by the dark blue bars in Figure 5. Most of the change in other functional areas, however, is negligible. In fact, of the topics most relevant to the goals that board members identified as critical for their schools, only expertise in finance is rated higher, on average, than "some."

Of greatest concern are the low self-ratings of board members on fundraising. More than half of all theological institutions are struggling financially. Since 2006, head-count enrollments have been falling, and full-time equivalent enrollments, which are more closely correlated with



Most important goal of school, according to board members, 2002 and 2012



Source: Auburn/In Trust survey, 2002 & 2012

** not an option in 2002*



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, fundraising has become 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 6 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 than in 2002.

The 2012 survey asked about board members' level of comfort with various aspects of fundraising, with results shown in Figure 7. The activities that require least personal contact — writing letters and providing names of prospective donors — are the most comfortable. Cultivation —

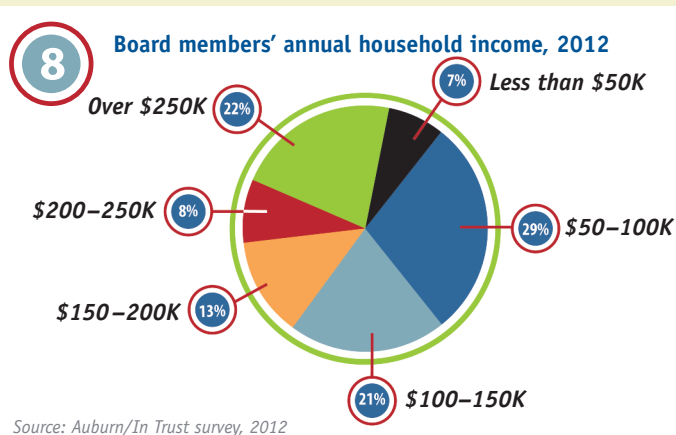
spending time with prospective donors — is moderately comfortable; making telephone calls to donors and asking them for money is less so.

For many nonprofit and most private higher education boards, personal wealth ranks high among criteria used in selection of board members. Not so for theological schools. Figure 8 shows the distribution of board members' income in 2012. More than one-third (35 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 nonprofit 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 fundraising 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. theological school boards require board members to make a contribution as part of their board commitment, only one board in ten sets a minimum contribution level. (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 is evident on other fronts too. Although board members' ratings of the performance of chief executives is generally highly favorable, 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. 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. Progress toward gender diversity over the last decade has been very slow or nonexistent.

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. 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

Table 1. Board self-assessment on engagement and decision making

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/In Trust survey, 2012

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, according to the Association of Theological Schools (which defines “more than nominal” deficits as those of \$250,000 or more). 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. (For more on this, see www.intrust.org/enrollmentresearch.)

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. Despite worsening conditions for almost all theological schools, **Table 1** shows that board members expressed high levels of approval for all features of their board service about which they were questioned.

On 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. 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 questions researchers raised in the earlier study are even more pertinent now: Are board members sufficiently engaged in the strenuous and sometimes life-threatening struggles of their schools? Are they sufficiently critical of efforts (which in many cases have not been successful) to better the conditions of their schools?

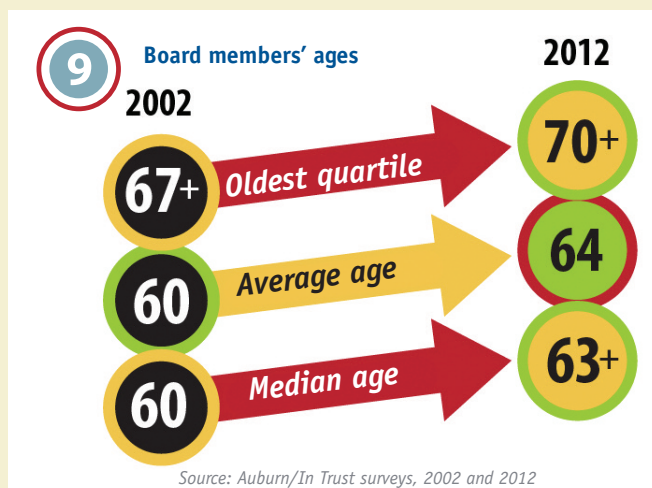
Age and replacement

Seminary board members are much older than members of other educational and nonprofit 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 nonprofits' board members fell into that age category.

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 occupy many board positions. **Figure 9** compares the 2012 respondents with those who replied in 2002. As **Figure 10** shows, seminary boards have significantly more older members than do other nonprofit boards or private college and university boards.

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 have *not* made provision for the seminary in their will.) However, 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

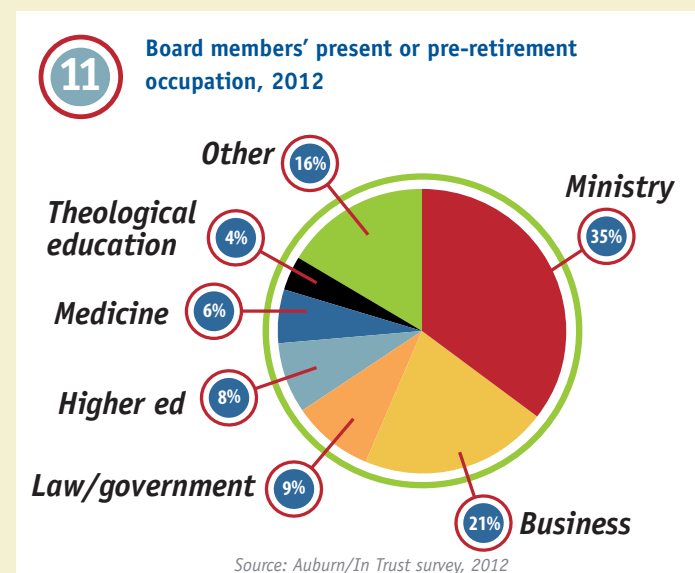
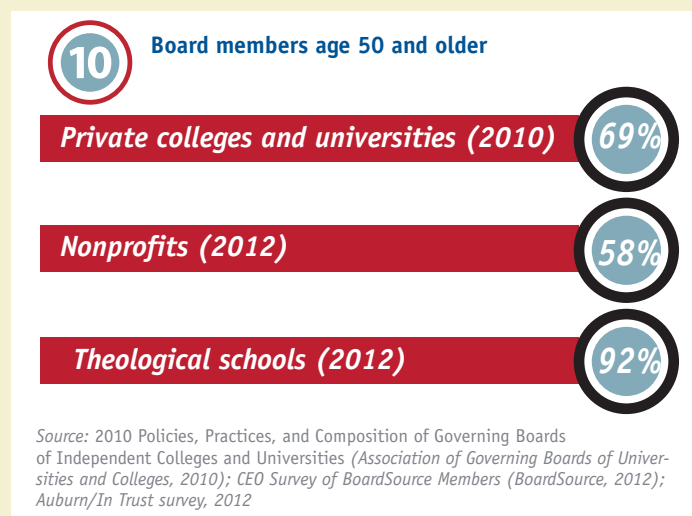


clergy. But, as **Figure 11** illustrates, the majority of board members are in secular occupations, including business, law, higher education, and other professions whose members are courted by other organizations for board service. These are the occupations whose practitioners bring some of the expertise 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.

ward 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 as the children of today's church members increasingly switch denominations or faith traditions, or drop out of organized religion altogether.

Nor is it likely that today's younger board members will be the board leaders and members needed in the future. An analysis of the youngest sector ("Millennial" and "Generation X") was dominated by one type of board member. Two-thirds of them were graduates of the school they were serving as a board member (in contrast, half of boomers are such graduates). These young board members were more likely to be clergy and to serve on the boards of evan-



gelical 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. But even if they did bring a wider range of backgrounds, skills, contacts and wealth, they would not be likely to be the board members of the future: Most were designated for board service by religious groups, which often have some kind of rotation system in place for board designees.

Patterns of recruitment

Patterns of recruiting board members varied by the religious family of the school and its relationship to religious bodies. **Table 2** 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 serving small denominations—were related to a graduate of the school, and these schools’ board members are very likely 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.

In conclusion

Despite wide variations in the governance arrangements in U.S. and Canadian theological schools, there has been remarkable uniformity in the adoption of policies and practices recommended by those who advise nonprofit boards. 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. Closer attention to matters such as

Table 2. Prior involvement of board, 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/Orthodox	10%	53%	62%	46%
All	22%	56%	53%	42%

Source: Auburn/In Trust survey, 2012

well-defined process, power dynamics within the board, orientation of new board members, education of the whole board, and self-scrutiny have all contributed to making boards more functional.

At the same time, though, there has been only 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, 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. **IT**

Barbara G. Wheeler directed this project, which was made possible through collaboration among the Center for the Study of Theological Education at Auburn Theological Seminary, the Association of Theological Schools, and the In Trust Center. Lilly Endowment Inc. provided funding for the research and report.



the next issue

Good governance is possible: Some schools have established highly effective governance systems. Because of the wide variety of governance structures in theological schools, the practices of these “good governance” schools cannot be applied directly in every situation; nevertheless, lessons from the case studies and suggestions of steps that theological schools can take to remedy weaknesses can be derived from the research results.

Part 2 of this article, in the next issue of *In Trust* magazine, covers the lessons learned from case studies and examines the role of the chief executive, in concert with faculty and other administrators, in theological school governance.

The full report on this research, *Governance That Works: Effective Leadership for Theological Schools*, will soon be available online at www.auburnseminary.org/religion-and-research.

Two patterns of good governance

Some seminaries are doing governance well. What sets them apart?

By Barbara G. Wheeler and Helen Ouellette

THE PRESIDENT (or chief executive by whatever title) has become the pivot of seminary governance. In the 19th century, before the theological institutions then in existence had presidents, boards played central roles, even conducting certain educational activities, such as final exams. As the professoriate became a highly respected profession in the early 20th century, faculty were ascendant, and presidents served chiefly as chair or president of the faculty.

At the beginning of the 21st century, however, few if any theological schools' governance is dominated by the faculty. Even in mainline Protestant institutions with no denominational ties, the group of schools at which the faculty has the most decision-making power, only seven percent of board members said that the faculty was the most influential "person or group" in making decisions about the future of the school.

Boards, which gained power in the 20th century as their fiduciary responsibilities increased, are still viewed as influential, but in every sector of theological education, boards themselves see their chief executives as even more influential.

Governance that insures the strength of an institution requires interplay among at least three groups: the president and other administrative leaders, the faculty, and the school's board or other "overseers." (For freestanding schools, the term "overseers" refers to the boards or religious officials who govern; for embedded schools, the term means the university officials who supervise operations.)

This project's research on 11 institutions reputed to have especially effective governance revealed two patterns of "governance that works": Many schools with strong governance rely on an especially effective chief executive, who serves as the center around which the governance partners revolve. At a smaller number of schools, the board itself is the center of the system.

More on the new governance study

The New Year 2015 issue of *In Trust* included a condensed excerpt from a new study on seminary boards by researcher Barbara G. Wheeler. This article is a continuation of that condensed excerpt, "Effective Leadership for Theological Schools," which is available online at www.intrust.org/New-Year-2015. To read and print the two articles as one continuous PDF document, visit www.intrust.org/governance-report.

The full report as published by Auburn Theological Seminary, *Governance That Works: Effective Leadership for Theological Schools*, is available in PDF format at www.auburnseminary.org/center-study-theological-education.

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, skillful president (or rector, principal, or divinity school dean) at its center. The president's relationships with the other participants in governance make the whole system work.

"The president is our leader," says the chair of the board of a freestanding school that relies on this model. "He wants everyone to feel as if they be-

long.” 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.”

The initial attraction of board members may be to the president who recruits them, but because they are selected with care, they soon form a community in which they find great value. Some board members say that they have formed lifelong friendships during their time on the board. “It’s humbling to be with those people,” says one member. “It’s a mountaintop experience.”

The admiration that these board members have for each other and the president who brought them to the board seems to have a positive impact on the board’s work. Attendance at most meetings verges on 100 percent. Members report that there is vigorous debate during meetings. “Because there is a high level of trust, we can speak our minds, work our way through tough issues,” says one member.

The board’s effective functioning depends heavily on an extraordinary president.

In this example, one of the president’s most effective qualities is his 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. He then leaves the room and encourages the board to discuss his performance and report their conclusions to him later.

A pattern of governance centered on the chief executive is in place in many institutions, including those that do not choose their own boards. The survey of board structures reveals that at least half of presidents do not participate in the selection of board members or other overseers.

The president of one such school, a church-controlled denominational seminary, has demonstrated a high degree of interpersonal skillfulness, first in persuading church officials to appoint to the board those persons he has identified, and then by working well with the board members in whose appointments he played no part.

Deans of embedded schools face similar challenges. 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 have honed their skills at “managing upward,” molding their approach to fit the strengths and quirks of the university official or church-appointed governing body to whom they report.

The qualities of openness and generosity in a dean make a significant difference in these embedded institutions. For instance, all the deans that were interviewed have discovered that by taking on university assignments, even those with no immediate relevance for their schools, they earn respect from senior administrators and occasionally even from university boards. This places them in good standing when they later make a case for the needs of their own schools.

How this study was conducted

The research team gathered data from four sources:

1 Governance structure and practice. A questionnaire was sent by the Commission on Accrediting of the Association of Theological Schools in the United States and Canada (ATS) to approximately 270 member institutions of ATS, seeking information on the level of authority of the board and the make-up of the board by various demographic characteristics. The return rate for the survey was 74 percent.

2 Background, expertise, and views of board members. Employing the In Trust Center’s database of seminary board members, surveys were sent by researchers at the Auburn Center for the Study of Theological Education in 2002 and 2012, seeking information about the background and expertise of board members, and asking their views on administrative leadership and the quality of governance at their institutions. The return rate in 2002 was 38 percent; in 2012, the return rate was 32 percent.

3 Patterns of governance. Auburn researchers made site visits to six institutions reputed to have durable, well-functioning patterns of governance. These included three free-standing schools (two Protestant, one Roman Catholic) and three embedded in small universities. Chief executives and board members were interviewed, as well as academic, financial, and development officers, among others. Additional interviews (by phone or in person) were conducted 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 with the leaders and professional staff of various organizations that serve theological schools.

Lateral outreach — the ability to work well with peers — can be very effective too. Several successful deans of embedded schools have become, in effect, the “dean of the deans” in their university setting. In this role as a leader among equals, they are more prominent in the university, and thus more likely to secure needed support for the theological school.

The executive-centered governance described here appears to be the dominant model in theological schools, and there are numerous examples of its effective implementation in both freestanding and embedded schools. Significant dangers, however, accompany this approach. One is obvious: whether 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.

Some respondents have reported stories of highly relational presidents forced to build boards and administrative teams under great pressure, because their schools were facing imminent failure. In such cases, there may not be time to create collaborative cultures, either within the board or between the board, administration, and faculty. Rather, those talented individuals who constitute the core of governance relate chiefly to the president who recruits them, and once the talented leader leaves office, significant attrition follows. This is a danger even in settings in which meticulous attention has been given to the chemistry of the board, staff, and faculty. “None of this is on automatic,” says a board member at one president-centered 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 at one seminary whose president dominates its governance, “but nothing’s been stopped in its tracks.”

Engaged-governor governance

Over an extended period, one site-visit school had made major efforts to minimize their dependence on a single gifted individual, and the other disadvantages of executive-centered

governance, while preserving many of the positive features of this model. The institution describes itself as having created a long-lasting culture of governance whose core is the mission of the school rather than the personality of the president. “There’s a strong ethos here,” says a former board chair. “We are part of a thoughtful, big-tent religious movement. Joining the board is joining the movement.”

The building of this mission-centered board is an accomplishment credited to an earlier president. He took many of the same steps that presidents of executive-centered schools use to assemble boards of 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 assiduous, patient pursuit of persons identified as excellent prospects, even if they are initially reluctant to serve.

That former president then took a further step. He insisted that board members make the mission of the school their priority. He also devised ways for the board to hold him and his successors accountable for achieving the mission. Though he exercised powerful moral leadership at the school, he also made clear that the board rather than the president had final say about institutional direction.

A president built this style of board, but through time, the board’s 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. “[Our leadership] puts difficult things on the table,” says a board member, “unlike boards that focus only on cheerleading and fundraising.” On a number of occasions, “daylight” between the president and the board has been 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. At an earlier point, the board also insisted that the president appoint senior staff in an area in which the president himself was not strong.

Who chooses whom?

Another dimension of ownership can be seen in how the 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,” says 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 freestanding seminaries,

does not impose limits on the number of terms its board members can serve. This practice has created intense loyalty — not so much to the president and other board members, as in the executive-centered model board, but to the school itself. Few members of this engaged-governor board reported forming personal friendships within the board.

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.”

The culture of engaged governance that this school has worked decades to establish clearly has many benefits. 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 might 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.



Correction

As published in the New Year 2015 issue, Part 1 of this report contained minor errors in Figure 10, Table 1, and Table 2.

The errors have been corrected in this version of the article.

All the elements of the engaged-board formula need to be in play all the time for its successful operation. Practices like unlimited terms can backfire unless board leaders set

and enforce high performance standards. If noncontributing board members are allowed to stay around forever, the board can ossify and the school may come to a standstill. And board power can be overplayed. In both theological education and the wider world of higher education, expert observers report, there have been egregious instances of boards trampling on the legitimate roles and responsibilities of chief executives and faculty.

The model also requires a succession of non-defensive presidents who can accept criticism and correction. If even one president feels threatened by an engaged board and starts to hide problems and overplay successes, the culture of accountability dies out.

Not a fit for embedded schools

This model can be hard to implement. 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. 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 ensure that new university leadership will have the same views and will take seriously the commitments of their predecessors.

The case studies include several embedded institutions in which an exemplary accountability arrangement has been forged among a university president (or provost or church official) who is supportive of the mission of theological education; a university board (or church oversight body) that offers real direction; and a seminary head who welcomes their wise oversight. In some of these embedded schools, there is also an advisory committee that, despite a lack of real authority, helps to carry the institutional memory through time. In every one of these ideal cases, however, the dean or president is aware that the careful balance may be up-ended in an instant. More than one dean has pointed out that a major obstacle to sustaining the commitment of those to whom they report is that in any larger system, the theological school is usually the smallest unit and generates the least revenue.

Perhaps the greatest value of a deeply engaged board is its capacity to carry the gains of one presidency into the next.

What about the Carver model of Policy Governance?

One of the most prominent models of nonprofit governance is the “Policy Governance” model promoted by John and Miriam Carver. In Policy Governance, 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. Their business is policy, and that territory is exclusively theirs.

Some nonprofit organizations do use Policy Governance in its pure form, though the policy model is not often applied in higher education. 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.

It is not surprising, then, that none of the institutions recommended to be case studies for this research operates by the Policy Governance model. Some of its elements, however, especially its careful delineation of role boundaries, are used to good effect in the case study institutions. The emphasis on ends, on goals stated in terms of the most profound impact an institution hopes to have, is evident in the case study schools. Determining ends is the main business of boards and overseers, and most prominently so in the engaged-governor model: the monitoring of operations is secondary. In both settings, board members are well aware that, even though they have general oversight of operations, it is not their role to manage operations.

Reflections and recommendations

Knowledgeable observers of theological education interviewed for this study echoed much of the general dubiety within higher education 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, this observer

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.

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.

Presidents should build the board

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

This does not happen as often as it should, for several reasons. Chief among them 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.

In trips organized and resourced by the president, that board traveled together as a body to sites that had relevance for the school’s work and engaged in extended conversations about the religious environment and the school’s place in it. 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.

Another obstacle is the temptation chief executives experience, when reporting to those who have the authority to make judgments about their performance, to emphasize accomplishments and at the same time to conceal difficulties and mistakes. Sometimes the motive is self-protectiveness, but hiding 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 have governance authority in theological schools have little or no knowledge of

the school and the world in which it operates; and some university administrators are unsympathetic to the aims of theological education. In these cases, the board or supervisors cannot supply the nuanced wisdom that important decisions require.

A third reason that boards (and the governors of embedded schools) may be left on the sidelines is a fear that overseers will overplay their hand, shutting administrators and faculties out of key decisions. And indeed, a few boards in the history of theological education have excluded presidents and faculties from their legitimate roles in decision making. Evidence from this study suggests, however, that these fears are mostly 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.

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 to 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. And university officials who are invited to weigh in on key internal decisions may advocate more vigorously for the needs of the school with board members 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, and who have been active partners in guiding its direction, are in the best position, when an executive vacancy occurs, to decide what kind of leadership the school needs in the next period. 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 decision making.

Recruitment and education of governors are both critical

Boards and executives should do their utmost to find the best people for governance roles. Boards that have the freedom to select their membership can be more diligent in developing a pool of potential members. 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. Concentrated attention from the chief executive and board chair

is usually essential in convincing people who are in high demand 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.

Funding patterns and governance structures need to be better aligned

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 when very different patterns of relationship between churches and schools were in place. In many denominational schools, governance structures were controlled, in whole or in part, by church bodies who reciprocally provided financial support that the schools needed. Many denominations also required that prospective ministers attend the denomination's seminaries, thereby insuring 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 did undergraduate colleges or 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, as the figure below shows. Financial support by most denominations for their associated seminaries has declined sharply. In 2006, gifts from church sources to all members of the Association of Theological Schools totaled \$154 million; by 2013, contributions had shrunk by 31 percent, to \$106.5 million.

Meanwhile, at university-related theological schools, there have been further changes in patterns of support. For example, mainline Protestant divinity schools are often part of secular universities, which 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 either denominational support or donors who have special commitment to a seminary that educates religious leaders of their particular religious tradition.

While funding patterns have changed dramatically, however, 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.

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 and funding have to be aligned,” says one commentator on this study’s findings.

Strong bonds to religious traditions, denominations, and parent or partner institutions are critical for the schools’ survival. Those bonds should not be broken, but in many instances they may 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. This may mean a development officer for the school whose work is coordinated with the controlling body but not tightly constricted by it. It may also mean 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.

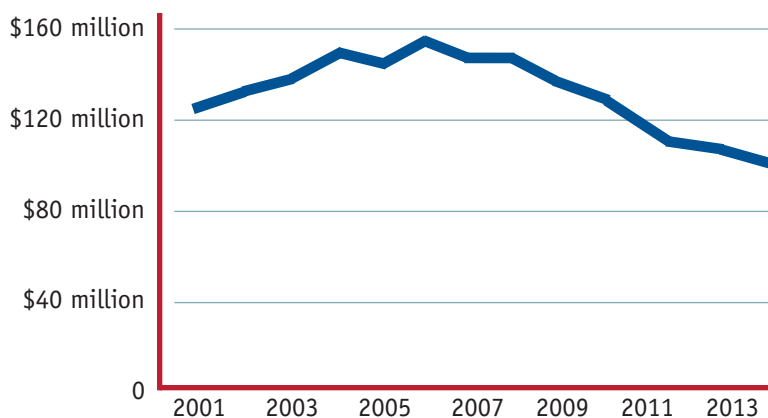
Reforms may lead to health

Many features of theological school governance are under stress, but governance can and does work remarkably well in some institutions. A few

tough-but-necessary reforms might enable governance to work well at the remainder of theological schools: 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. **IT**

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Total gifts and grants to theological schools from religious organizations



Source: Commission on Accrediting of the Association of Theological Schools