

# Seminaries tighten their belts: Wartburg suspending M.A. program

by [John Dart](#) in the [December 16, 2008](#) issue

When 85 new students enrolled this fall at Wartburg Theological Seminary in Dubuque, Iowa, the numbers were “beyond our wildest dreams,” said President Duane Larson. But the Lutheran school’s board, looking at a 35 percent drop in its endowment value and a similar decline in individuals gifts, also had to face up to stark financial realities.

The stock market downturn and tightened credit forced the board to take actions that its directors had contemplated earlier because of budget problems over the past decade.

Wartburg announced last month that it will suspend its Master of Arts in theology, development and evangelism (MA/TDE) program “until it can be better funded.” Also suspended was a Master of Divinity program in Austin, Texas, that was cosponsored by the Lutheran School of Theology at Chicago. “It had low enrollments in recent years,” Larson said in an interview. [Editor's note: In the print edition, we erroneously reported that Wartburg was suspending its entire Master of Arts program. We regret the error.]

Overall, three faculty posts were eliminated, as were six full-time and part-time staff positions. “We are deeply grieved that dear colleagues will be leaving Wartburg at the end of this academic year,” said Larson.

Other seminaries in the 250-member Association of Theological Schools will likely be looking for ways to cut costs next year, said ATS executive director Daniel Aleshire in an interview. Schools with preexisting money problems or those that drew on endowment reserves too heavily will especially feel the pain, he indicated.

Aleshire, after conferring with ATS chief financial officer Chris Meinzer, acknowledged that there are peculiar conundrums bedeviling finance officers at many seminaries in North America. He listed some:

- “Because tuition is received in early fall and early winter, many schools need a line of credit to maintain cash flow during the year,” Aleshire said. Though credit lines have been easy to obtain, some schools could have difficulty continuing existing lines or handling added interest costs for money they do borrow.
- Most ATS schools take part in the federally guaranteed student loan program, and that program requires schools to maintain certain ratios between assets and operating budgets. The dramatic downturn in the stock market might make some schools’ budgets too large in relation to a reduced endowment, and thus endanger their participation in the loan program.
- Some evidence indicates that private education loans from banks are “less available than they have been in the past,” Aleshire said. Some students who are unable to obtain loans may have to suspend their seminary studies for a while.

In addition, he said, some large gifts for scholarships carry restrictions stipulating that only the interest may be used for student aid. A school that invested a gift of \$1 million in equities would have a problem at present. “In most states, the school is required to maintain the value of the restricted gift,” meaning that the seminary cannot spend any of the money in the depleted fund.

In announcing its cutbacks, Wartburg Theological Seminary, one of eight theological schools aligned with the Evangelical Lutheran Church in America, said after its November 6-7 board meeting that the market crisis “had a grave impact on our endowment and financial status.” Rita Dudley, who chairs the board, added that the directors were “fully committed to ensuring the successful mission of Wartburg . . . long beyond these challenging economic times.”

Established in 1854, Wartburg—like its sister ELCA seminaries—boasts of providing theological education of high quality “at the lowest per student cost among all denominations.” Within the ELCA, the Iowa school “is routinely near the top in numbers of graduates sent into ordained ministry.”