



Open Letter to Seminary of the Southwest's
Faculty, Staff, Students, Alumni, Friends and the Church at Large
November 17, 2009

Over the past 18 months, as many of you already know, news of Episcopal and other denominational seminaries discontinuing their MDiv degrees, selling properties, entering into partnerships, and eliminating positions and laying off faculty and staff has concerned all of us in the world of education and formation for ministry. Thirty years before the market crash of 2008, seminaries across the spectrum of denominations experienced financial stresses caused by declining support from denominational funding and more dependence upon tuition and gifts from alumni and friends. Revenue has not kept up with the costs and the market decline has created a crisis for many seminaries. The Association of Theological Schools, one of two accrediting agencies for Seminary of the Southwest, recently announced a new initiative funded by Lilly Endowment, *Institutional Viability and Financially Stressed Schools*. For the next two years, a group of chief financial officers from member schools and industry experts will develop strategies to cover the range of declining financial circumstances at member schools. We look forward to applying as many of their insights as are applicable to our situation.

Seminary of the Southwest has faced its own financial stresses over the past ten years. Some of the stress has been created by our decisions to expand degree and certificate offerings in response to our felt call to serve the wider Church. Some of the stress has been created by the rising cost of simply doing business, e.g. expenses related to technology, health care for our employees, and the ever increasing rise in the cost of living. Some of the stress has been created by shrinking support from parishes which struggle to balance their own operating budgets. Like all institutions with endowments, we have been hit hard by the effect of the U.S. economy on the market. The seminary's endowment dropped from \$27.385 million in October 2007 to \$13.473 million in March 2009. It has since recovered to \$18 million.

Five years ago, our Board of Trustees faced the seminary's deficit budget with the decision to grow out of the problem rather than cut budget. They felt that the mission of Seminary of the Southwest was too important to jeopardize it with cuts to the faculty or staff. At that juncture the board was convinced that to cut budget would adversely affect our ability to fulfill our mission