
MEMORANDUM

TO: BOARD OF TRUSTEES
FROM: SILAS L. MCCORMICK, PRESIDENT
SUBJECT: SUSTAINABILITY, STRATEGY, AND SOLUTIONS
DATE: FEBRUARY 20, 2022

INTRODUCTION

It is my foremost duty as President of Lincoln Christian University to safeguard and support the mission of this institution. Following much prayer, research, and debate, I, with the unanimous support of the members of the cabinet, write to present to you a path forward for LCU. This path is designed with three goals in mind: (1) to keep our historic mission at the center of all that we do, (2) to secure adequate resources to propel that mission forward into the future, and (3) to treat our students, faculty, and staff better than we are able to do under our current model.

FRAMEWORK

This document is organized around three ideas: sustainability, strategy, and solutions. I have provided a summary of each, but there is considerably more explanation in the sections themselves.

SUMMARY

For the past fifteen years, we have made substantial efforts to boost revenue and reduce expenses. Some things worked, some did not. Each time one piece would fall into place (like growing enrollment in online programs) another piece would fall out of place (like maintaining current levels of residential enrollment). Across time, revenue continued to decline, and ever more drastic measures had to be taken to attempt to balance the budget. Faculty and staff were let go or not replaced. We reduced and eliminated spending on things like faculty development and campus maintenance and renovation. These short-term reductions are often necessary in the life of a university, but returning to such measures year after year has significant long-term consequences. The cumulative result is that while LCU could be here next year, and perhaps the year after that, if we do not do something now – while we still can – we will almost certainly not be here the year after that. And because we cannot know which financial misfortune would prove to be the last straw (it could be one catastrophic enrollment year, a year with no estate gifts, a major facilities expense), proceeding on our present path could mean that our time could run out at a point and/or in a way that would make the situation even more painful for our students and employees. This year we grew new residential student enrollment and have dramatically increased giving. We are in a place of greater financial strength than we've been in years; unfortunately, it's not enough. Even if we continued this trend for the next six years, the next several years of operating deficits would likely deplete our cash well before we could begin securing operational surpluses in years six or seven. That said, while this year's success has not resolved our situation, it has given us an opportunity to do something bold to change our trajectory.

The strategy section reviews how we selected our path forward. It synthesizes many conversations with individuals and churches that we have had across many months and in many contexts. These conversations gave our constituents opportunities to offer their perceptions regarding our strengths, weaknesses, opportunities, and threats. And while the feedback we received was as diverse as the people we talked to, it was also clear that

there is broad consensus about what we should be and do – and what we need to overcome. In terms of strengths, responses were often nearly identical: LCU does biblical, theological, and worldview education well, and it is a wonderful resource for the local church. There are also areas of clearly perceived weaknesses: such as low visibility, the physical condition and geographic location of our campus, and the sense that something intangible is amiss here. The threats were fairly clear as well: substantial division over political and cultural matters amongst our students and constituents, the fact that our positions on a number of issues (human sexuality being the one that came up most frequently) seem likely to someday soon put us at odds with our accrediting bodies and/or those who permit us to participate in federal and state financial aid programs, and low morale. On our campus, many students are dissatisfied with their experience and expect our faculty and staff to do something about it. Our faculty and staff are tired; tired of doing more for a low salary with diminishing buying power, and tired of feeling like it isn't getting any better. Opportunities were harder to identify. Most are aware of our challenges and want us to continue doing what they see as what we do well, but broad consensus on how to harness that and move it forward was elusive.

In the solutions section, you will see a path forward: if what we are doing is not sustainable, but there are needs that our constituents still see us as essential in meeting, then what do we do next? By focusing on consensus strengths, eliminating or mitigating weaknesses and threats, then the opportunity before us is to reinvent theological education for Kingdom service for our new reality, and to jettison anything that we do not need to do in order to do that – even though we deeply believe in those things and will profoundly mourn their passing. While what lies ahead will involve much pain and loss, we do see an innovative future for LCU.

SUSTAINABILITY

As I have said numerous times in numerous places, LCU's short-term financial picture is better than it has been in years. We have eliminated internal borrowing. We have consolidated our debt into one loan with an amiable lender. We also brought in a traditional undergraduate class of more than one hundred students this fall, and are on pace, with just four months remaining in the fiscal year, to see an increase in giving of nearly 50% as compared to recent years.

And yet each time I have said that our short-term financial picture is better than it has been in years, I have also offered the caveat that our long-term sustainability remains a problem. It has been a challenge to assess the scope of that problem. Personnel changes in the fiscal office and the uncertainties of enrollment (and any associated financial impact) during a pandemic made both data collection and analysis a challenge, but as part of our strategic planning efforts we were finally able to do so comprehensively, and ***it is my deep regret to report to you that our long-term sustainability appears to be more than a mere problem; we believe we have reached the end of our runway in our current model.***

A reminder: our bottom line in a given year includes all revenue and all expenses. But, because we manage an endowment, which is a fund that is invested and the gains used for designated purposes (primarily scholarships), that investment income really shouldn't be included in considering the operational health of the organization because that income cannot, by and large, be used for operations. Thus whether we are living within our means should really be assessed by asking whether our expenses were covered by our revenue without investment income. As you can see from the table below, we have seen substantial operating surpluses in only one of the past ten years, and net operating deficits have totaled more than \$3.5 million over the last nine years. In fact, the one year that did conclude with a substantial surplus followed a year in which there were eleven

personnel reductions. A financially healthy institution of our size during this period should have seen regular annual operational surpluses of \$350k.

TABLE 1

	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22 ¹
Surplus / Deficit	808k	(414k)	3k	(596k)	(722k)	(748k)	(154k)	(474k)	(443k)	(371k)

The primary cause for these operating losses is straightforward: enrollment decline. What causes enrollment decline is a far more complicated (and multi-factored) question, but the numbers are clear: ***we are half the size we were ten years ago***, and much of that change is in our undergraduate programs.

TABLE 2

Fall Enrollment	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Trad Undergrad	433	382	359	357	315	325	321	320	267	234
NonTrad Undergrad	245	240	210	173	147	136	91	63	55	53
Grad and Seminary	388	372	367	356	310	317	300	296	276	250
Total	1,066	994	936	886	772	778	712	679	598	537

For residential students, enrollment declined precipitously in 2013, again in 2016, and again following the spring semester of 2020, which was the semester that our students were sent home halfway through the semester due to COVID-19. The result of this smaller community has been lower levels of student engagement and a general malaise. On most days of the week, only a handful of our nontraditional undergraduate, graduate, and seminary students are on campus. Consequently, the average visitor experiences a campus that feels more like the fewer than 200 students who live here rather than the 537 total students who are enrolled. While students have long been drawn to LCU because it is smaller, we have now reached a size where we are smaller than nearly all of the high schools from which our residential students are graduating.

TABLE 3

Fall Dorm Occupancy	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total	317	253	n/a	269	224	237	245	245	204	184

Of course tuition, room, and board are not our only sources of revenue. We also devote substantial energy to fundraising. As you can see, these numbers have improved over the last three years, and giving now makes up a considerably higher percentage of our revenue as a result. But even in very good giving years, it is simply not enough to offset the numerous years of losses in enrollment-related revenue nor does successful fundraising address the fact that most students don't want to be a part of a residential undergraduate student body with fewer than 200 students.

¹ Projected

TABLE 4

	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22 ²
Giving	2.8m	2.7m	2.7m	2.5m	2.1m	2.1m	2.1m	2.5m	2.4m	\$3m

This fall, we saw new residential student enrollment increases and giving increases. We’ve done well; but it is not enough. It is our belief that on our current trajectory of enrollment and giving, we would need more than six years to restore our enrollment numbers to a level consistent with where we were ten years ago – and we would need to do that while holding expenses in check. Yet, to do that, we would need to continue doing virtually all of what we presently do (athletics, existing academic programs, food service, etc.), without having the revenue to cover the respective costs until much further down the road.

Our present estimate is that we would need more than \$1.4 million in additional operating revenue for each of the next six years to go forward in our current model. Up to this point, we have been trying to find ways to hold budget deficits to less than \$500k per year believing that raising \$2.7 million in gifts each year for the next six years was at least plausible (albeit aggressive). Unfortunately, we do not have the cash reserves to gamble on a \$1.4 million operating deficit for 2022 – 2023, and even if we did, making that gamble year after year for six years could end catastrophically. In short, we have a six-year structural operating deficit that likely totals more than \$8 million.

For some time now, the trustees and cabinet have discussed the need – beyond the existing operational budget – to assess what longer-term reinvestments are needed in order for LCU to secure a sustainable future. These represent investments needed beyond what would be covered by closing the \$1.2 million budget deficit. Since our residential undergraduate enrollment decline began in earnest in 2013, we have reduced expenses substantially – by almost one third. Many of these reductions were manageable in the short-term, but have become problematic in the long-term. As we approach now ten years of doing without, there are things we simply cannot continue to ignore. Over the fall semester, we began compiling data and looking at benchmarks to identify areas of needed investment that have been neglected, and what it would cost to address them. We identified three key areas: employee compensation, deferred maintenance, and an operating surplus.

Although many of our employees have received a raise since 2013, most of these were to adjust for increased federal requirements such as the minimum wage, or as a result of promotion. An across-the-board cost of living increase has not occurred in at least ten years. By going person-by-person through our payroll, it is our estimate that to bring salaries up to a level that would be at least as competitive as was true ten years ago as well as to make a couple of hires that are necessary but we simply have not been able to afford, would require an annual investment of approximately \$600,000. In addition, the buying power of our employee benefits, particularly health insurance, has diminished over time as well. We would estimate that similarly improving those to a more marketable level would require an annual investment of approximately \$435,000. Finally, LCU has not contributed to employee retirement in nearly a decade. We estimate that offering our employees a 4% retirement contribution match would require an annual investment of \$70,000. And so, in total, we really need to be investing an additional \$1.1 million each year into employee compensation.

² Projected.

We have also been putting off needed repairs to our facilities. We first conducted a comprehensive evaluation of facilities needs in 2000. At that time, we identified \$1.4 million in deferred maintenance projects, and though many of them have been addressed over the last twenty years, many others have not. We presently have a list of deferred maintenance needs that totals approximately \$2.8 million, though that doesn't include addressing numerous needs first identified in 2000 such as doors and windows, some of which are more than sixty years old. If we (quite optimistically) assume that (a) we have six years to work through the list, (b) that anything new that gets added to the list could wait until year seven or later, (c) that each project will patiently wait for attention spreading themselves equally across all six years, and (d) by the time we get to each project the estimated cost will still be reasonably accurate, then we need to spend \$467,000 each year in order to work through the backlog of projects. It is also important to note that there is virtually nothing on the list that could be characterized as a major renovation to the public buildings of our campus. No facelifts, no redesign. While the project list does include fairly extensive renovation of the interior of the student apartments, everything else is fixing, demolishing, or replacing something. In other words, this list largely maintains the status quo. It is also worth pointing out that this is merely deferred maintenance. This does not include the costs associated with the many other ways we care for a campus that has nearly 500,000 square feet of parking lots and roadway surfaces, nearly 100 acres of lawn that is mowed and landscaped, and 372,000 square feet of building space.

The final item needed but lacking in our budgets has simply been an operating surplus. Though there is no magic number, a general industry standard would be a budget that at least includes an operating surplus totaling 5% of the institution's operating expenses. Though this surplus is not, strictly speaking, an expense, including it for what it is – a necessary part of a sustainable future, means there's another \$365,000 each year that should be, but is not, in our budget.

The Table 5 illustrates how much more annual revenue we believe we need, but do not have, in order to proceed in our current model for the next six years:

TABLE 5

Operating Deficit	\$1,400,000
Employee Compensation	
Salaries	\$600,000
Health Insurance	\$435,000
Retirement Contribution	\$70,000
Deferred Maintenance	\$467,000
Operating Surplus	\$365,000
Total	\$3,337,000

For perspective, an additional \$3.3 million for each of the next six fiscal years would, roughly speaking, require us to either double our net tuition revenue or triple this year's remarkable fundraising increase, do it by Fall 2022, and then keep doing it at that same level for five more consecutive years. While anything is possible, this certainly seems unlikely, and the risk of failing is enormous, because the wrong sequence of events could result in us running out of cash in the middle of a semester, which would be devastating to our students and staff.

Although we have done well this year, we believe that it is too little too late. Thanks to our financial position at this moment, though, we believe we have an opportunity to do something different, and we are afraid that if we do not take it, we may not get another chance.

STRATEGY

Fortunately, our strategic planning efforts have raised a number of critically important strengths, weaknesses, opportunities, and threats from which we can form a strategy to move forward.

Strengths

Our constituents value us for offering academically rigorous biblical, theological, and worldview educational opportunities. They recognize that on a day-to-day basis, most people do not have the ability to devote this depth of study to the world in which we live, and yet they know it is needed, and trust us to do it. They also value us distilling the results and applying them in more accessible ways for them in the form of conferences, retreats, professional development, and consultation services. As a final piece, we are seen as a regional resource for basic church services such as job postings, placement assistance, and pulpit supply.

Weaknesses

A number of our constituents have expressed concerns about the orthodoxy of the students (particularly undergraduates) who are choosing to enroll at LCU and what they are exposing other students to as a result. Some have also reported concerns about faculty orthodoxy, though quite a few of those concerns, upon investigation, appear to be the result of students misunderstanding what they have heard, and then not raising their concerns directly with the faculty member involved. These one-sided experiences then get reported to others. Both the views of our residential undergraduate students and the way that they interact with our faculty and each other illustrate a very real phenomenon LCU has been struggling with for several years now: traditional undergraduate students have changed. Many seem less committed to their faith (at least in ways we would recognize) than was true in the past. 2018 data from the Pew Research Group suggests that younger Americans (age 18 – 39) are nearly twenty percent less likely than older Americans to say that religion is a very important part of their lives, and Barna research from the following year demonstrates that the lack of commitment to their faith is even more prevalent in the youngest segment strata of this group, Generation Z (those born between 1999 and 2015). They also appear to validate what has been referred to as “extended adolescence” or, less pejoratively, “emerging adulthood.” There is a growing body of literature opining that many of the benchmarks of independent decision-making and emotional maturity that we have historically expected of an eighteen-year-old now do not emerge until closer to age twenty-five. We are seeing this here. Our residential undergraduate students often deal superficially with each other and their faculty, choosing to leave rather than deal with conflict constructively. They also often have an open distrust or even hostility to any perspective that pushes back against their own – even with members of our faculty, whose frustration with a lack of respect for their expertise has grown. When you factor these generational and cultural tendencies in with the fact that our residential student body has become very small, the result is what many of our students identify as one of our primary weaknesses: that they have not found the sense of community here that they – or we – expected. This is ultimately why we believe that bringing in a larger class this year had little impact.

For all of the reasons mentioned in the sustainability section of this document, our physical campus is widely perceived as a weakness. Less so for those of us with an emotional attachment to it, but for those without any prior attachment, it’s usually one of the first two weaknesses that come up. The campus has not seen significant investment in well over a decade. While there are clear examples of excellent facilities on our campus (the library, weight room, and the fieldhouse all come readily to mind), there are far more

examples of spaces that are both physically deteriorating and inadequate for our needs. Three are illustrative: R31 is a classroom in Restoration Hall. The lighting, doors, and windows of the room are original. In an era in which students might take an intensive course lasting seven hours a day for one week, it would be quite reasonable for every student who takes a course in that classroom to expect to be able to plug in their laptop and their phone for that extended period of time. There are, however, only three outlets in R31. Another example is C218, the chorale room. The décor, lighting, flooring, doors, and windows, are all original. The audio visual equipment is woefully out of date, and the general acoustics of the room make it almost completely unusable – you simply cannot hear what the person at the front of the room is saying. Finally, Alumni Hall is the men's residence hall. Again, most of the doors and windows as well as most of the flooring are original to the building and thus nearly sixty years old. The curtains need to be replaced, but must be custom ordered in order to accommodate the window unit air conditioners that were installed in the early 2000s and are now themselves in need of replacement.

In many ways, our campus is beautiful. The front of the chapel and the orientation to campus one gets coming up chapel drive is precisely the kind of image every university wants as a focal point of a campus, and our grounds are impeccably maintained. What we have done with what has been available to us is nothing short of amazing, and a tribute to the tireless work of our staff. And yet, taken as a whole, our physical campus is seen as a weakness and is nearly always worse than the physical facilities of both the churches and the high schools from which our residential students come.

The other weakness that is most frequently referenced by those without an emotional attachment to this place is our geographic location. Though it pains me to say this, geographically, LCU's presence in Lincoln, Illinois, has long been seen as a substantial weakness by both prospective students and prospective employees. So much so, that in 2000, LCU paid for a study to determine the feasibility of physically relocating the institution to a new location. The result of this study was the decision to reinvest in the physical campus instead. Leaving would indeed be painful. The Lincoln and Logan County communities have been truly wonderful to LCU from the very beginning, and have nurtured us and supported us in numerous and substantive ways. None of us takes any pleasure in even raising this, but this loyal history, and the intangible value of things like knowing the local sheriff or county clerk simply aren't what most of the people we are trying to recruit are basing their decision on when deciding whether to join this community. They're primarily looking at amenities for themselves and their families, and employment prospects for their spouses and children. Lincoln, like much of downstate Illinois, has suffered over the last sixty years. Between 1960 and 2020, the population of Logan County declined by approximately 20%; a situation common across much of downstate Illinois. As comparison, though, some counties have fared far better. Between 1960 and 2020, Sangamon County grew by approximately 33%. McLean County grew by more than 100%. Champaign County grew by approximately 55%. Though there are obvious benefits to being in a smaller county like Logan County, for many of our visitors all they see is that these other communities have more than 150,000 more residents than Logan County and have amenities and opportunities that come along with that larger population.

Threats

The three foremost threats that came out of our conversations were political and cultural divisions within our community, reliance on governmental aid, and student and staff morale.

Whether it be masks, vaccinations, social justice, critical race theory, or any number of other hot button cultural topics, all believers have two fundamental obligations in

discussing topics like these: (1) to diligently and faithfully assess the subject through a biblical/theological lens rather than a political, cultural, or personal one, and (2) to go about applying the results of that assessment in love. More succinctly, we have an obligation to seek out and apply the truth in love. These past few years, we have struggled here at LCU (as well as throughout American evangelicalism) to live these obligations out, and it has led to fatigue. We have people in this community who believe that our weekly COVID testing is something we do as a part of our understanding of how Romans 13 calls us to be subject to the governing authorities as well as because if weekly testing increases the chance of keeping our community healthy, it is a way to show that we follow the directive of Matthew 22:39 (found elsewhere as well) to love our neighbors. We also have people in this community who believe that by enforcing a governmental requirement that our employees either endure nasal swabbing or injection, we are enabling an egregious invasion of a body that we understand belongs not primarily to us, but to God. Though just one example, it is illustrative of how many of our students, employees, churches, and other constituents are struggling to see and treat each other as they did before.

This also leads to an additional threat: our community's morale. For reasons already discussed at length, it is clear that something is wrong. Dissatisfaction on our campus is widespread – though with diverse identified causes. For faculty and staff it is primarily the stress of working without adequate resources, poor compensation, diminishing respect from the students they serve, and not being able to see a future in which these things improve. For students, it is studying alongside a faculty who are weary and frustrated, and a staff too small to meet their expectations for programming and engagement, all in the context of a deteriorating campus, and a small and listless student body. We had hoped that an exciting Commencement in May of 2021, amazing fundraising summer, and a large incoming class, would finally usher in the semester we have all longed for. The State's COVID precaution mandate without question did much to dampen spirits, but even without that, many of the other already referenced issues may have done so as well. Collectively, the wind in our sails dissipated, and we are now a community in considerable need of hope.

By far the most common threat raised in our conversations was concern that our reliance on governmental grant and loan programs would jeopardize our ability to hold traditional Christian positions and expect our students to adhere to them as well. These concerns, shared by many of our faculty and staff as well, are that someday, the State of Illinois may choose to no longer permit schools like us to award MAP (Monetary Award Program) grant money to our students, and the federal government may someday choose to no longer permit schools like us to offer our students the ability to participate in federal financial aid programs that include both grant money (PELL) as well as loans (a concern likely to spread more widely in light of the Title IX investigation we are currently under). Internally, our own staff also has concerns that go beyond eligibility. Our current participation in these programs requires that we meet numerous and substantial compliance requirements. With fewer people and resources available than was true in the past, these compliance requirements represent a growing burden. The heavy reliance of Christian universities on governmental grants and loans is a clear threat that is far broader than just LCU.

SOLUTIONS

Overview

By far the most important question before us is, “in light of our strengths, weaknesses, and threats, what opportunities are available to us, and what kind of strategy do we need in order to make from them a sustainable future for our mission?”

We believe that need to adopt a new model – one that will be sustainable for the seasons ahead of us. We believe we need to strategically focus, becoming primarily a Seminary that (1) offers two undergraduate programs, (2) partners with churches who can teach the practical ministry portions of the programs for students not already working in ministry, and (3) devotes almost as much time to offering educational opportunities outside of credit-bearing courses as within.

As a preliminary matter, it is important to note that “Lincoln Christian University is a Christian higher education community whose mission is to nurture and equip Christians with a Biblical worldview to serve and lead in the church and the world.” ***Nothing about our mission, vision, core values, philosophy of education, or statement of faith needs to be changed to adopt this new model.*** Indeed, this path is designed with three goals in mind: (1) to keep our historic mission at the center of all that we do, (2) to secure adequate resources to propel that mission forward into the future, and (3) to treat our students, faculty, and staff better than we are able to do under our current model.

So what does this look like?

First, it brings all graduate programs under the umbrella of the Seminary, and jettisons everything else except for two restructured undergraduate programs each with an accelerated track for each graduate program (except for the MA in Counseling). It then restructures the existing graduate programs to maximize course overlap across programs to reduce teaching loads and free up more curricular space for faculty to teach elective courses and non-credit offerings. It also eliminates the Doctor of Ministry program as well as ABHE accreditation as neither is essential or profitable and both require resources better directed to other activities.

Table 6

Current Programs	New Programs
AA in Bible	<i>Eliminated</i>
AA in Education	
AS and AS in Pre-Nursing	
BA in Business Administration	
BA in Communication Studies	
BA in Psychology	
BA in Sport Management	
BA in Philosophy	
DMin	
BA in Biblical Studies	BA in Bible and Theology
BA in Christian Ministry	BA in Christian Ministry <i>Consolidated</i>
BA in Children and Family Ministry	
BA in Intercultural Studies	
BA in Ministry Arts and Media	
BA in Preaching Ministry	
BA in Worship Ministry	
BA in Youth and Family Ministry	
MA in Biblical Studies	MA in Biblical Studies
MA in Theology	MA in Theology <i>Consolidated</i>
MA in Church History/Historical Theology	
MA in Philosophy and Apologetics	
MA in Bible and Theology	MA in Christian Thought
MA in Counseling	MA in Counseling
MA in Ministry	MA in Ministry

MA in Organizational Leadership	MA in Leadership
MDiv	MDiv

Second, it targets as a primary student audience those who already have some life experience and education behind them and are thus already committed to serving the church and engaging with their education. Ideally, many of these students will be those already being hired or groomed from within churches for leadership. This should help us increase faculty and staff satisfaction and reduce student dissatisfaction.

Third, it allows in-person classroom participation, but does not require it. Each course offered in the new Seminary-focused model will be offered synchronously, allowing students to come to class in-person if desired, log on to join the class virtually in real-time, or do both as their schedule allows. Our goal is to offer all courses in this format while also exploring options for fully online (asynchronous) courses and intensive courses offered on-site at participating churches.

Fourth, it abandons the conventional (and expensive) trappings of residential undergraduate education such as athletics, chorale, student housing, and food service. It also means downsizing and exploring new uses for our campus, reducing our workforce, and focusing on going to our constituents rather than asking them to come to us. This should allow us to not only dramatically reduce our expenses, but also eventually increase compensation for those employees who remain in the new model.

Fifth, in light of our need for far less and far better, space, and because many of our offerings will now occur in church settings, it also means taking a hard look at our campus in Lincoln and asking how it can best be used in a model that primarily looks to take the education out into the churches.

Sixth, it requires a deep commitment to serving and collaborating with churches in some new ways. We believe it is necessary for us to focus our academic efforts on our recognized strengths in biblical studies, theology, and worldview. We need to partner with churches that have the size and personnel to offer the practical ministry training themselves with our faculty's support. In turn, we need to make our own biblical and theological offerings more accessible to those who lead those churches by finding ways to distill what we do in the classroom into other formats such as weekend seminars, podcasts, and small group curricula. We need to work through our needs together, listening to the issues they are being required to respond to, and addressing them from a biblical, theological, and interdisciplinary perspective. In other words, if a congregation is wrestling with how to respond from a Christian perspective to issues of race and justice, then using our IDS program (restructured and included in all programs, including the graduate ones) to offer such a course and then distill from that course into things like a podcast and curriculum not only helps our partner churches, but it also better prepares our students. In essence, we need to stop expecting the churches to come to us and take going to them far more seriously.

Finally, one of the primary goals of this undertaking would be to use the coming years to extricate ourselves from all governmental grant and loan programs. While for many schools this goal would be far-fetched, in this model, if we can attract and retain an adequate number of students, and if our donors continue to support us, it is quite possible. If, over time, we could reduce the expenses associated with our current campus, and devote more of our estate and major gifts to debt retirement, we should be able to pay off our existing debt ahead of schedule. The new model also allows our endowment funds to be directed to a smaller number of students, and thus have a greater impact.

And once our debt is paid off, the annual debt service of approximately \$815,000 per year, can be redirected towards either student scholarships or tuition reductions. We have a real shot at doing something almost no one else in Christian higher education will be able to afford to do in the coming years.

Details

In the new model, we will offer two BA degrees. The two programs, the BA in Christian Ministry and the BA in Bible and Theology are essentially identical, except that the BA in Christian Ministry includes 18 credit hours of undergraduate ministry coursework. Students transferring only general education can easily complete either degree. Students transferring in a full associate degree would likely be better served by the BA in Bible and Theology (See example curricula in Table 7). Both degrees allow a student to take graduate courses during the junior and senior years and apply that credit to both their undergraduate degree and a graduate degree, saving one year and twelve credit hours in any MA program offered except the MA in Counseling, or saving one year and twenty-four credit hours in the MDiv program (See Table 8).

Table 7

BA in Christian Ministry	BA in Bible and Theology
<i>General Education (36)</i>	<i>General Education (36)</i>
<i>Bible and Theology (45)</i>	<i>Bible and Theology (45)</i>
OT 1: Pentateuch	OT 1: Pentateuch
OT 2: Historical Books	OT 2: Historical Books
OT 3: Wisdom Literature	OT 3: Wisdom Literature
OT 4: The Prophets	OT 4: The Prophets
NT 1: Life of Christ	NT 1: Life of Christ
NT 2: Acts	NT 2: Acts
NT 3: Pauline Epistles	NT 3: Pauline Epistles
NT 4: Revelation	NT 4: Revelation
Basic Christian Beliefs	Basic Christian Beliefs
Introduction to Worldview	Introduction to Worldview
Systematic Theology*	Systematic Theology*
Survey of Church History*	Survey of Church History*
The Restoration Movement*	The Restoration Movement*
Greek I*	Greek I*
Greek II*	Greek II*
<i>Interdisciplinary Studies (9)</i>	<i>Interdisciplinary Studies (9)</i>
ID Ethics*	ID Ethics*
ID Elective*	ID Elective*
ID Elective*	ID Elective*
<i>Electives/Internship (12)</i>	<i>Electives (30)</i>
<i>Ministry (18)</i>	
Foundations of Ministry	
Discipleship	
Preaching	
Worship	
Youth and Family Ministry	
Media, Marketing, & Ministry	
<i>Total: 120</i>	<i>Total: 120</i>
*Graduate Level Course	

Table 8

A prospective student that:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
pursues the BA in Christian Ministry or BA in Bible and Theology	30 hours LCU	30 hours LCU	30 hours LCU	30 hours LCU (BA)			
pursues the BA in Christian Ministry or the BA in Bible and Theology and any MA (excluding the MA in Counseling)	30 hours LCU	30 hours LCU	30 hours LCU	30 hours LCU (BA)	9 hours LCU, 12 hours residency (MA)	saves 1 year and 12 hours	
pursues a BA in Bible and Theology and the MDiv	30 hours LCU	30 hours LCU	30 hours LCU	30 hours LCU (BA)	24 hours LCU	12 hours LCU, 12 hours residency (MDiv)	saves 1 year and 24 hours
pursues an MA (excluding the MA in Counseling)	n/a (college elsewhere)	n/a (college elsewhere)	n/a (college elsewhere)	n/a (college elsewhere)	18 hours, LCU	18 hours, LCU	
pursues the the MDiv	n/a (college elsewhere)	n/a (college elsewhere)	n/a (college elsewhere)	n/a (college elsewhere)	30 hours, LCU	30 hours, LCU	12 hours residency, MDiv
Pursues an MA in Counseling	n/a (college elsewhere)	n/a (college elsewhere)	n/a (college elsewhere)	n/a (college elsewhere)	21 hours, LCU	21 hours, LCU	18 hours, LCU

With the exception of the MA in Counseling (which, because it is uniquely accredited, will remain essentially unchanged), the other programs will all see curricular revisions, focused on (a) the infusion of at least some interdisciplinary studies coursework, (b) the maximization of overlapping courses, which frees up faculty to teach more courses of unique need or personal interest, or in a team-taught format, or in the form of non-credit offerings in churches, and (c) pushing as many of our students as possible to earn their practical ministry coursework in an actual church setting. An example of such a curriculum is shown below (Table 9), though note two important caveats: first, what you see below does not reflect the accelerated paths of BA/MA or BA/MDiv options, and second, once we have introduced this plan to our faculty, we will need to engage them in discussion about how to make this work. Changes from what you see below as well as in Table 7 will be necessary and appropriate prior to implementation. What you see is an example.

Table 9

MA in Ministry	MDiv	MA in Theology	MA in Biblical Studies	MA in Leadership	MA in Christian Thought
Interpreting the Old Testament					Interpreting the Old Testament
Interpreting the New Testament					Interpreting the New Testament
	Hebrew 1 & Hebrew 2		Hebrew 1 & Hebrew 2		
	Greek 1 & Greek 2		Greek 1 & Greek 2		
Restoration Movement	Restoration Movement	Restoration Movement			Restoration Movement
Systematic Theology	Systematic Theology	Systematic Theology			Systematic Theology
Pastoral Care	Pastoral Care			Pastoral Care	
Spiritual Formation	Spiritual Formation	Spiritual Formation		Spiritual Formation	Spiritual Formation
Cultural Exegesis	Cultural Exegesis			Cultural Exegesis	Cultural Exegesis
Residency 1	Residency 1				
Residency 2	Residency 2				
Residency 3	Residency 3				
Capstone Project	Capstone Project	Extended Research Paper	Extended Research Paper	Capstone Project	Capstone Project
	Survey of Church History	Survey of Church History			Survey of Church History
	Engaging Contemp. Minds	Engaging Contemp. Minds			Engaging Contemp. Minds
	Personal Development			Personal Development	
	Biblical Writing & Research		Biblical Writing & Research		
	Hermeneutics		Hermeneutics		Hermeneutics
				Theories of Leadership	
				Leading Teams	
				Strategic Planning	
		Theology Elective			
		Theology Elective			
		Theology Elective			
		Theology Elective			
		Theology Elective			
	OT Elective		Bible Elective		
	NT Elective		Bible Elective		
			Bible Elective		
			Bible Elective		
ID Ethics	ID Ethics	ID Elective	ID Elective	ID Ethics	ID Elective
	ID Elective			ID Change and Conflict	ID Elective
	ID Elective			ID Developing Leaders	
	ID Elective			ID Theology of Leadership	

This new model relies heavily on three types of church partnerships. Now to be clear, LCU has never refused to help a church that did not financially partner with us, and our desire is to continue that practice. It is, however, important to understand that this model can only work with the support of partner churches, so below are descriptions of the three types of relationships we will need. Any church may be a financial partner. Those churches with sufficient resources to provide mentored, practical ministry education in the form of structured internships or residencies may additionally be training partners. We will also approach a small number of churches that have substantial resources and are geographically strategic, about being a site partner.

Table 10

Financial Partner	Training Partner	Site Partner
The church provides financial support (of any amount) and LCU provides informal, non-credit educational offerings (such as newsletters, podcasts, curricula, or sermon series), consulting services, pulpit supply, and placement assistance.	The church offers training opportunities for LCU students by offering practical ministry education through mentored internships, residencies, or the like, and works with LCU to permit LCU students to receive academic credit for those experiences, and markets those opportunities to the interns and residents it recruits. LCU provides non-credit educational offerings, consulting services, pulpit supply, and placement assistance, and also markets the training partner's internships, and residencies to its students and prospective students.	The church creates classroom space to agreed-upon specifications, and allows LCU to offer courses on-site at the partner church. LCU provides in-depth educational offerings, including both informal, non-credit retreat or conference-style opportunities as well as more formal course offerings created by LCU but with the input and recommendations of the site partner. Formal academic courses offered in this arrangement are offered to LCU students but may also be audited by the site partner's staff and leadership at no cost or taken for credit at a reduced cost.

In this model, faculty course loads are reduced, and the reduced courses replaced with church engagement. This work is individually negotiated on an ongoing basis with the faculty member's supervisor, but essentially would work something like this: rather than teaching a 21 credit hour load in a given year, a faculty member might be assigned 12 credit hours of courses and be expected to individually negotiate with his or her supervisor the balance of activity in the form of providing church educational opportunities such as workshops, retreats, podcasts, curricula, pulpit supply, consultation, seminars, or approved research and writing projects.

We will also continue our existing church outreach programs, though there will obviously have to be adaptations to some of our events – either in relocating them to partner churches, or reimagining them into different formats – as well as a new emphasis on integrating their work and that being done by our faculty.

Initially, we would look to keep, and add, as many financial partners as possible. We would also look to add numerous training partners, although we will need to work to determine criteria for this level of partnership since we will have to evaluate the level and type of resources available to ensure that our students are appropriately served. Site partners will be limited.

Table 11 illustrates five different potential outcomes for our first year (2023-2024) in this new model. As a general rule, we would like to see a net operating surplus greater than or equal to 5% of our operating expenses. As you can see below, ***in every foreseeable scenario in the new model, our financial position is improved over the present.*** Even the most pessimistic scenario results in a smaller operating deficit than we would

expect continuing with our current model, and in three of the five scenarios there is a projected surplus, two of which would be our largest operating surplus in a decade.

Table 11

Scenarios	Net Tuition Revenue	Gifts	Expenses	Target Surplus	Results
Very Optimistic	\$2,000,000	\$2,450,000	\$3,356,350	\$167,818	\$1,093,650
Optimistic	\$1,975,000	\$2,200,000	\$3,399,630	\$169,982	\$775,370
Estimated	\$1,825,000	\$1,750,000	\$3,437,500	\$171,875	\$137,500
Pessimistic	\$1,675,000	\$1,474,000	\$3,567,340	\$178,367	(\$418,340)
Very Pessimistic	\$1,525,000	\$1,100,000	\$3,762,100	\$188,105	(\$1,137,100)

Over a longer period of time, our hope is to grow our enrollment by expanding the number of participating churches, with most growth coming from increasing the number of participating training partners. Table 12 illustrates very conservative five-year projections that assume 1% annual net tuition revenue growth, which could come either from enrollment or tuition increases. They also assume that giving begins at \$1.75 million and increases 1% each year. Expenses are similarly assumed to increase 1% each year. And it's worth noting that if our donors stick with us, these numbers would be substantially better. It is clear that this model is far more sustainable than our present model.

Table 12

	2023-24	2024-25	2025-26	2026-27	2027-28
MAC Tuition	\$475,000	\$479,750	\$484,548	\$489,393	\$494,287
SEM Tuition	\$600,000	\$606,000	\$612,060	\$618,181	\$624,362
UG Tuition	\$750,000	\$757,500	\$765,075	\$772,726	\$780,453
Total Tuition	\$1,825,000	\$1,843,250	\$1,861,683	\$1,880,300	\$1,899,102
Giving	\$1,750,000	\$1,767,500	\$1,785,175	\$1,803,027	\$1,821,057
Expenses	\$3,437,500	\$3,471,875	\$3,506,594	\$3,541,660	\$3,577,076
Surplus	\$137,500	\$138,875	\$140,264	\$141,667	\$143,083

	2028-29	2029-2030	2030-2031	2031-32	2032-33
MAC Tuition	\$499,230	\$504,222	\$509,264	\$514,357	\$519,501
SEM Tuition	\$630,606	\$636,912	\$643,281	\$649,714	\$656,211
UG Tuition	\$788,258	\$796,140	\$804,102	\$812,143	\$820,264
Total Tuition	\$1,918,094	\$1,937,274	\$1,956,647	\$1,976,214	\$1,995,976
Giving	\$1,839,268	\$1,857,660	\$1,876,237	\$1,894,999	\$1,913,949
Expenses	\$3,612,847	\$3,648,976	\$3,685,465	\$3,722,320	\$3,759,543
Surplus	\$144,515	\$145,958	\$147,419	\$148,893	\$150,382

	2033-34	2034-2035	2035-36
MAC Tuition	\$524,696	\$529,943	\$535,242
SEM Tuition	\$662,773	\$669,401	\$676,095

UG Tuition	\$828,467	\$836,751	\$845,119
Total Tuition	\$2,015,936	\$2,036,095	\$2,056,456
Giving	\$1,933,089	\$1,952,420	\$1,971,944
Expenses	\$3,797,139	\$3,495,527	\$3,055,064
Surplus	\$151,886	\$492,988	\$973,336

Significant Challenges

The foremost challenge before us is the grief of losing deeply loved colleagues as co-workers as well as the loss of a historically rich campus experience. What we are pursuing carries the mission of LCU forward, and it does so in some very exciting and innovative ways, but it will leave a great deal of wonderful history behind. The transition, particularly the first year, will likely be a financial and emotional slog. Organizations have seasons of life change just like people do, and just like when a beloved family member passes or dear friends move away, this change will be life-altering. We cannot truly predict how people will respond. We don't anticipate any significant decline in enrollment in our graduate and Seminary programs. We do anticipate a decline in undergraduate enrollment of approximately 75%, and have built that into our plan. Our biggest risk is how our financial partners will respond. Our hope is that people will progress through the five stages of grief and eventually come to accept (and maybe even appreciate) that unlike so many of our colleges that have gone before us, we are acting boldly now rather than waiting until we are no longer in a financial position to do so. However, it is certainly possible that a significant number of students and financial partners may abandon us.

Pursuing this new model will also require a number of accreditation approvals from the Higher Learning Commission and the Association of Theological Schools as well as concluding our accreditation with the Association of Biblical Higher Education.

There are undoubtedly other challenges as well: keeping the employees we need to make the plan work, continuing to raise support from alumni in the future who will likely feel less of a connection to the school in the new model than in the old, and just getting all of this work done with fewer people come readily to mind.

There is no shortage of challenges, but we are enormously grateful for God's guidance and provision, and the opportunity we have to continue.

CONCLUSION

What we have put forth is the only path we have been able to construct that we believe will allow us to keep our historic mission at the center of all that we do, and to provide adequate resources to propel that mission forward into the future. And though we are overwhelmed by the prospect of proceeding with this new plan, we also see a tremendous opportunity to develop a new model that will ensure that LCU continues to infuse biblical, theological, and worldview education into a church and world still very much in need of them.