

Financial Viability In Theological Education In South East Asia Region

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At a time when our world is facing a meltdown it is surely difficult to write on the financial viability in theological education. It is said that it takes at least three million dollars a year for a theological seminary in America to break even. It may take much less to run a theological seminary in other countries, but seminaries all over the world do face hardships in staying solvent unless they have rich endowments. To aggravate matters, the current world-wide financial crunch affects one and all deeply. Hence, I would like to start with a passing reference to the financial crisis as experienced in Iceland, not that I am equating seminaries' financing with what had happened in Iceland.

Some two decades ago, Iceland decided to wire itself to the modern world by marketing itself as a global financial center, offering high interest rates to international lenders. Foreign banks and lenders greedy to rake in easy and high interest rates stormed their money into Iceland whose population of slightly over 300,000 then found it easy to borrow 'cheap' money by borrowing in foreign currencies where the interest rates were lower, to purchase houses and other big expensive commodities. Basically, Iceland's economy turned **from fishing to finance**.

Banking was the magic word. The mere 208 billion kronur assets in 2002 enjoyed by Kaupthing Bank, the biggest bank in Iceland, ballooned to a staggering 6.6 trillion kronur, thirty times the amount, middle of 2008. The loans and other assets of the three main banks in Iceland were ten times the country's gross domestic product. This phenomenal growth has led to Iceland's economy being known as *The Geyser Economy*. The word 'geyser' comes from the Icelandic word *geysir*. Iceland is blessed with volcanoes and geysers since Iceland sits on top of the violent meeting point of the Eurasian and North American tectonic plates. The nomenclature, *The Geyser Economy*, is appropriate given the unfortunate sudden surge and fall of the nation's economy. That is what geysers do: throwing forth intermittently jets of heated water and steam, analogous to the 'hot' money from overseas that poured into Iceland suddenly and quickly left Iceland when convenient, equally fast. Personally, I liken the use of the word 'geyser' to the way the British understand a geyser as an apparatus for heating water rapidly, **especially by injected steam**. Greedy speculators rapidly injected plane-full loads of 'hot' money to heat up Iceland's economy rapid-forward fast and then left Iceland high and dry when convenient.

A small-town beauty, central Reykjavik, for some eight years, was a financial capital. The banks were rolling in the good times with foreign investment streaming into Iceland. High interest rates kept the krona strong, making it possible and easy for Icelanders to use their strong krona to purchase foreign expensive goods like SUVs and flat-screen television sets.

Icelanders found a cheap way of borrowing money by borrowing at lower interest rates in foreign currencies like the Swiss francs or the Japanese yen, to finance their buying spree and to satisfy their toy lust. So long as the foreign 'hot' money rolled in, nothing could go wrong. However, when an outflow of the 'hot' money started, all the good times flowed out into the ocean. Iceland was whipsawed by the foreign 'hot' money flooding in and then gushing out, an experience many other countries have undergone. Iceland was to learn that no country can hope to establish a global banking center on top of a tiny currency and population.

The mid-September 2008 Lehman Brothers collapse in New York had rippled to the four corners of the earth, causing **lending between banks to a standstill**. Iceland's lenders started to call in loans, but banks in Iceland basically did not have the money, e.g. €Euros, to pay up. Almost overnight, the once strong krona crumbled like cookies. Not only Icelanders suffered. Investors all over the world who had made huge deposits in banks in Iceland saw their money go up in smoke. The once so leveraged krona and so deeply intertwined with the global financial infrastructures has dragged and drowned investors from Tokyo to Teheran to the Thames, to San Francisco and to Tonga.

Another example of the world's meltdown bringing sorrow and grief to common people in the street.

Both Martha and Noel, like the majority of Americans, are facing a hard time, financially. The bubble in the property market has burst resulting in many things getting ugly. For many Americans, their American dream of owning a house has turned into a nightmare. Properties worth far less than their purchase prices and with that all the attendant problems is a haunting nightmare. Noel and Martha had paid a cool \$525,000 for their house in Waipahu end of 2005. Now, it's worth around \$360,000. They are not alone. There are millions of disgruntled home owners in America. Lenders who were free-wheeling in their lending at the height of frenzied property-buying are now tight-fisted.

For now, selling their 'dream' house isn't an option. At the same time, staying on and paying off their mortgage would drag them deeper into their savings. When would the good times roll in again when they can hope to sell their 'dream' house at a price that's higher than what they had paid for? Could they rent out their 'dream' house and use the rent to buy a more affordable property like a townhouse? No. Noel's bank manager had told him that 'there's a new federal policy now that you can't use your rent to count toward equity unless you've had that rent for two years'.

Renting their 'dream' house, even if they could do so and use the rent to downsize to a townhouse, would still be a problem since there are so many vacant houses waiting for tenants who can afford to move in. Why, the gravity of a financial crisis is seen in the fact that there are the home-owners who have walked away from their foreclosures [but have not walked away from their financial nightmare obligations!]. Compounding the problem is the number of unsold properties. The supply could last for several years; the demand is low. Yet developers are still building. It looks like all of America's on sale right now.

Rachel and Noel are among millions in America facing a hard time. 'No part of the financial crisis has received so much attention, with so little to show for it, as the tidal wave of home foreclosures sweeping over America. Government programmes have been ineffectual, and private efforts not much better.'¹ These alarming figures give no sleep to the five million homeowners who faced foreclosure the last three years. The next four years will see some nine million more foreclosures topping the five million figure, according to Credit Suisse. In the mean time, economists chew on the whether home owners 'can't pay or won't pay' problem when the value of their house falls far below the mortgage they have taken out, i.e., the negative equity problem. One group believes most homeowners will not default even in cases of negative equity if they have the means to pay for fear their credit records will suffer. Another group, on the other hand, believes that once the home is worth less than the mortgage they have taken out, homeowners tend to walk away even if they can afford to pay the monthly payment.

One final example of how hard it is for fundraising these days when our normal givers are suffering financially. This time, the example comes from one of America's sports: baseball. The Mets, New York's baseball team, have found themselves drowning in the global financial meltdown. Fred Wilpon, the team's owner, is a victim of Bernard Madoff's alleged Ponzi scheme, losing millions. Then, the team is caught up in the 'naming rights' game. People are outraged that Citigroup is paying \$400m to have the Mets' new station named CitiField. What corporate extravagance! More so when Citigroup is the beneficiary of a \$45 billion bail-out, and fifty thousand Citi employees have been laid off. The fifty thousand Citi ex-employees are some of our givers. This is true of all our other givers who have lost their job, face home foreclosures, or are one pay check away from home foreclosure.

On the heels of the Bernard Madoff scam is the deep trouble the Stanford International Bank is in. Accused of off-shore fraud of tsunami magnitude based on 'false promises' and doctored documents falsifying performance, said bank is rocking many investors' money off the table. The Madoff-Stanford scam seems to cause a fraud-infested meltdown.

The current financial crunch truly crams the financial life styles of all sectors in our world-wide society.

A CCN February 26, 09 news item mentioned that, given the financial meltdown, it surprises no one that divorced couples have been forced to live together under the same roof! They are legally divorced, but have no means to live under a different roof. This is not the end of a litany of financial woes by any stretch of imagination.

A recent report on Americans graduating from a four-year liberal arts colleges is shocking in that it shows a very high percent of graduates joining the work force [that is, if they could land a job!] with a big student loan to pay up. The 'student loan' phenomenon is so serious that the report had used *bankrupt BAs* to emphasize its point.

¹ *The Economist*, February 21st-27th 2009, p. 32.

The same point applies equally to graduates from medical schools. It is estimated that a new graduate from most medical schools in America owes the bank US\$150,000. It is thus not a surprise that many new seminary graduates, upon graduation from seminary, owe their banks \$30,000 on the average.

Education, whether liberal arts or medical, or theological, is expensive world wide. Graduates from medical schools can expect to earn \$100,000 p.a. after their three-year residence following acquisition of M.D. This will give them the financial clout to pay up their loans.

Seminary graduates tend to look for churches that could pay them well enough, to enable them to pay back their loans. Inter alia, this means that churches which are unable to put together an average of \$60,000 p.a. cannot hope to call a pastor.² It also means that many small and rural churches are left without a pastor, forcing many of them to 'join forces' to invite a minister to pastor two or three churches.

Many Third World seminaries have to raise funds to feed and educate their students who do not necessarily face a steady future employment in the church.

In my humble keynote address on Sub-theme II: Financial Viability of Ecumenical Theological Education at the ECUMENICAL THEOLOGICAL EDUCATION; - ITS VIABILITY TODAY, held in Oslo, Norway, 4-11 August 1996, organized by the Ecumenical Theological Education, World Council of Churches, inter alia, I had tried to show how inappropriate it was when the commonly used 'professionally-paid' ministry model was blindly applied to the Long House Churches in East Malaysia. The flaw with applying the 'professionally-paid' ministry model in an essentially non-cash society was high-lighted when the money from the West used to pay the pastors dried up. If only this is the only incident in the history of theological education in Protestant churches.

Today, the scenic Hawaiian islands are dotted with a fast number of dwindling Native Hawaiian churches. Many of them have less than twenty worshippers Sundays. They used to be brimming over with worshippers Sundays when worshippers used to hang around their church dawn to dusk. Today, many of these dwindling churches do not have a kahu [pastor]. They need some \$60,000 p.a. to have a kahu. Are they alone?

² An average annual salary and benefits have the following figures:

- Salary	\$45,000/-
- Benefits like Pension	\$ 6,300/-
Disability Insurance	\$ 695/-
Medical/Dental Insurance	\$ 4,738/-
Social Security [6.2% S+H]	\$ 2,790/-
Medicare [1.45% S+H]	\$ 652/-
Expense Account	\$ 800/-
Total	\$60,975/-

The above figures **do not** include other items that normally are included, viz., housing allowance, continuing education, family protection plan, and vacation

The number of ‘rural’ churches belonging to The United Church of Christ, USA, is not small which is equally true of other mainline churches. These rural churches, like the Native Hawaiian churches, are too poor to invite a pastor. Many of them have been forced to yoke with other equally small churches to invite a pastor.

This has led The United Church of Christ, USA, to look at the need for multiple tracks for ordination! Very briefly, three. The usual, traditional track known as 4/3, i.e. four years of college education, topped off with 3 years of seminary training [the traditional BA, M Div track] is still favored. The second track is for the natural church leaders in The United Church of Christ, USA, to do part time theological education classes for at least two years and then seek ordination, with five years of mentoring after ordination. The third track is for the natural church leaders to do seven years of mentoring and then seek ordination.

Presumably, ordinands from tracks two and three would settle for less than the normal salary a pastor receives, making it possible for small churches to call pastors. This is happening to many Native Hawaiian churches and other United Church of Christ, USA, rural churches.

In the mean time, almost all seminaries in North America and Canada have to ‘do something’ to survive. Financial waist-tightening has to happen to avoid down-sizing or, worse, closure [gone to waste].

About five years ago, a seminary in Canada arranged to have M Div students from a State in USA to do their ATA [Association of Theological Schools in America and Canada] accredited M Div. About a dozen students enlisted for their M Div study. Their study was affected when the Canadian seminary reneged on the Memo of Understanding due to their financial woes.

Financial viability in theological education is a matter of concern and prayer all over the world. Fortunately, there is a silver lining in the gloomy clouds.³

Bishop T D Jakes, the founder of The Potter’s House, a non-denominational multi-ethnic church in Dallas with some 28,000 members had admirably intoned:

In time of crisis, good men [sic] must stand up. God always sends the best men [sic] into the worst times.

We dare not even think of ourselves as the best people God sends into the worst times, but we are people in arguably the worst financial times in recent history. It falls on us the joy, duty, challenge, and obligation to work at financial viability in theological education with the same passion that characterizes our work in the good old days. We are still challenged to have the wisdom to lead with humility, to hold on to courage to minister with integrity, and to treasure the compassion to serve with generosity.

³ Trinity Theological College, Singapore, has shinningly performed well the last few years.

We are stewards of theological education in our region because our colleagues trust us and have entrusted to us the privilege of carrying out theological education in our region. We dare not betray that trust, for obvious reasons. When we have betrayed their trust in us, we have done irreparable damage to one and all and, especially, to doing theological education in our region. I am taking an example of embezzlement in an institution to showcase how damaging betrayal of trust is.

Trust Betrayed

The Association For Clean Living [ACL] is an institution advocating honesty in the labor force, hence the emphasis on clean living. Unfortunately, Sharon Aram, it's General Secretary, has been stealing huge sums of money totaling to nearly half a million dollars from ACL when the final figures started to show up.

The shocking story of embezzlement has implications that go far beyond the four walls of any institution, rippling down to all its branches who are bilked of their trust. As in all such scandals, this one specially involves a betrayal of trust. Trust ultimately is what allows good will and respect to function. Without it, an institution's entire system crashes.

What Sharon had done was to create an atmosphere of well-being while frittering away huge sums of money over the entire period of her tour of duty, starting five days into office on her own, even to the eve of her dismissal. Her embezzlement took place over a long period because of her colleagues' complete [naïve?] trust in her until there was no money to pay creditors.

If creditors had not chased her to pay up, her superiors would not have the slightest idea of her embezzlement. Only belatedly, were steps taken to do a forensic investigation in the institution's finances and operation.

Placing trust on wrong person

Sharon is no ordinary fly-by-night snake oil saleswoman akin to the jamu hawker [an itinerant hawker peddling herbs in villages or towns or cities. Her colleagues believed that she shared the same religious core values and dedication in advancing the Kingdom of God on earth. They believed she shared the same code of ethic that would ensure against deception and thievery. So, her colleagues happily handed suitcases of trust to a woman they thought they knew and could trust completely, without doing due diligence.

Trusting colleagues is natural

Were they such fools to have trusted her so much without checking her out? Not at all. That is exactly what people do everyday without hesitation, figuratively and literally. We do so because we trust our colleagues. Trust is what makes institutions work!

'Trust is belief in a person working with us, and belief in the person honoring her words is trust at work. If she assured us that the institution's finances were in good shape, then there's no reason to doubt her words which, unfortunately, turned out to be blatant lies'.

Breaking trust

Once trust is betrayed, the whole system breaks down. What is worrisome in ACL is that trust seems to be dissolving right before their very eyes. Why have donor agencies stopped giving grants? Why have colleagues stopped trusting the institution's once well-oiled and trusted machinery? Why have well-wishers pulled out their trust in ACL, causing ACL steeply to plunge down in respect and finances?

It all boils down to one word – **trust**. Donor agencies hesitate to trust ACL's ability to take care of its house-keeping matters. Supporters are weary of unloading their hard-earned money into ACL to keep ACL afloat. Ordinary people who have 'bought' into ACL's programs aren't sure their 'investment' in ACL would be worth what they had 'paid' for it.

This complete breakdown in trust feeds on itself, as one would obviously assume and imagine. Distrust tends to become self-perpetuating and highly contagious. The self-destruct mechanism sets in to do its damaging work.

Trust let down

We all trusted in Sharon to be an innovative, reform-minded big time moralist who recognized the need for inexpensive yet innovative moral education programs. After all, she had been involved in ACL for some time. She was unequivocal in holding ACL's branches accountable for transparency in financial matters and maintaining the branches' performance through a strict continuous self-study exercise. Additionally, she promised to maintain ACL's much-respected standing as the second strongest Association For Clean Living in our region. In many meetings, she was strict on morals, e.g., ensuring that a woman and a man delegate should not be sharing a room even if they were engaged.

'Race to the bottom'

ACL trusted Sharon, and Sharon promised to maintain ACL's framework of high expectations and accountability which has been the hallmark of ACL all these years. It is so tragic that ACL's strong track record of academic excellence, moral formation programs, tough accountability, and transparency in financial matters had been compromised. So, too, ACL's belief that it takes leadership on the ground to bring about morality. Now, there seems to be a 'race to the bottom', weakening the normal pillars that hold up the building of morals.

One step into the 'dark ages'

Sharon stole money from ACL at a time when our region's moral education programs were on a roll. By rolling away ACL's money into her bank account for personal use when the money was meant for ACL's programs, Sharon significantly reduced the number of programs since there was no more money for them. I repeat: The money meant for inexpensive yet innovative programs went into Sharon's personal bank

account. Wrong thing and wrong time to do so. Of course, any time plundering other people's money is wrong, but during this financial meltdown, it is the worst time to plunder money. For sure, Sharon's embezzlement has put our region's in general and ACL's in particular moral education programs back into the 'dark ages,' especially those programs meant to advance moral formation and ecological concerns in our region.

New vision/paradigm

President Obama's call for a *new era of responsibility* applies to ACL which need to resolutely resolve to do away with the 'poster child for the Era of Irresponsibility' image. ACL would have nothing to do with a 'tone-deafness to integrity' behavior and a 'integrity-less' action [stealing] that caused a severe financial hemorrhaging teetering on the brink of complete meltdown.

More regulations is not the solution but, possibly, the problem. Regulating a greed-obsessed individual is one thing, but over-reacting by growing an already bloated, greed-infested structure is pushing people to nowhere.

ACL resolves to usher in a new Era of Responsibility wherein those in charge of its operation are caretakers, stewards, and tillers of the financial ground.

Re-structuring ACL

Re-storing trust/image

Truly, the most immediate challenge ACL faces is how to **re-store** trust. Larcenies such as the Sharon Scandal are nothing new. The tragedy is: this is the first time that such a larceny had happened in ACL. If ACL is to live in trust again, people in ACL must fall back on mutual trust, even when it occasionally fails them or, to be more accurate, when they occasionally fail trust. The unfortunate Sharon Scandal should not be allowed to be the last word for us. There's room to *store* again trust in the storehouse of goodwill and trust.

ACL needs to work hard in making its branches and Donors want to **re-store** their trust in ACL. An individual's misdeeds and lack of supervision should not be allowed to prevent all players in giving ACL a second chance. All should feel ready to want to **re-store** their trust in God's extravagant grace in forgiving sinners, 'of whom I am chief [worst],' as so pointedly written by St Paul.

1 Timothy 1:15

We **store** our trust only in God.

We **share** our trust with each other.

We **place** our trust in colleagues, even though one or two of them have betrayed our trust in them.

Lift up my eyes to see thy face
Only believe and thou shall see
Thy joy and crown eternally.

ACL would humbly and earnestly say to the branches and Donors that, quoting a bit out of context but the meaning is there: *when you hold back the successful, you penalize those who need help*. When ACL's performance is judged on the basis of one individual's embezzlement, the good that has been accomplished is forgotten.

ACL resolves to be once again savvy and forward thinking by being quick and alert to signs of trouble. Being quick to react to symptoms of trouble is one key to good management and survival. Those who are not alert to signs of trouble will sink like a person with a millstone around her neck, taking others with her.

ACL's top priority is to budget realistically, plan common-sensically, spend honestly, and save prudently. It is common-sense dollars and cents. The real stimulus to ATESEA's continuation is the obvious need to survive and the aspiration and prayer for a better future.

Re-turning to God's Grace

Corporately, in the days ahead, ACL would have to do lot of recouping of fortunes lost, restoring of trust momentarily [hopefully and prayerfully just momentarily] lost, *turning* to God for forgiveness, and a *re-turning* to God's orbit of grace after a sharp ballooning of deficit of disgrace over a long period of time. There is the crucial need to pull together.

Donors and their grants

Donors have already stopped their grants since they themselves are already heavily squeezed. Starting from scratch is not going to be easy unless there is a person or there are persons Donors can trust to do a proper job.

In brief, with God's help and colleagues' cooperation, ACL need to rehabilitate itself.

PROPOSED ACL'S REHABILITATION ROAD MAP

Outline of the proposed ACL Road Map:

Rehabilitation of ACL.

To **rehabilitate** ACL means to

- 1] **regain** ACL's lost prestige
- 2] **revive** ACL's standing in our region
- 3] **retool** ACL's infrastructure where accuracy, accountability, transparency, and annual assessment of Executive Director reign. Accuracy, accountability, and transparency are vital as ACL seeks to be good stewards of God's resources entrusted to us for safe keeping and use.
- 4] **restore** ACL's branches and partners' confidence and trust in ACL
- 5] **rede** new Executive Director and to brief her/him over a period

of two months to carry on the new re-stored ACL
6] recover every centavo from Sharon for money plundered from ACL

Time line: 18-24 months,
including the two months necessarily overlapping with and training the
new Executive Director. Then hand over to new Executive Director.

This will give ACL sufficient time to search for a new Executive Director
whilst ACL is being rehabilitated. The new Executive Director can take off
from the restored fortunes of ATESEA and carry out ATESEA's work viably.

A Small Post Script

Stolen money goes beyond money stolen.

There's a need to include huge expenses incurred over some dozen meetings needed to solve huge problems over the huge sums of money stolen.

Sharon not only had stolen money from ACL but also

Sharon had stolen **trust** from ACL's branches and partners.

Sharon had stolen **prestige** from members of the Committees responsible for running
ACL .

Sharon had stolen all the **good works** of ACL done in the past

Sharon had stolen **respect** from all who trusted her to do her work honestly.

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