

North/West Lower Michigan Synod of the Evangelical Lutheran Church in America Seminary Debt Reduction Assistance Program

Statement of Purpose

The purpose of the Seminary Debt Reduction Assistance Program shall be (1) to encourage a partnership in ministry with rostered ministers and congregations to fulfill God's mission by decreasing the economic challenges of seminary debt which can impact the quality of ministry; and (2) to provide procedures for obtaining and distributing monetary resources to reduce debt attributable to seminary education expenses so that the church may be unhindered in its role of engaging and partnering with congregations across the North/West Lower Michigan Synod of the Evangelical Lutheran Church in America ("NWLMS" or "Synod") to participate in Christ's own work of reconciling the world to God's very Self.

Goals

The goals of this ministry are as follows:

1. Reduce the burden of debt for seminary graduates through educational seminary debt reduction assistance.
2. Increase financial literacy for life-long economic decision-making and stability through participation in educational programs and personal financial counseling opportunities.
3. Allow for more focused and effective ministry by alleviating economic stress and burdens of educational seminary debt.
4. Enhance ability of Synod congregations to call and retain rostered ministers who have seminary debt.
5. Encourage individual congregations to support the Synod in encouraging and supporting new rostered ministers called to small budget or struggling congregations.

September 2022

Eligibility

Seminary debt reduction assistance is available to rostered ministers (1) who are in their first twenty (20) years of ministry after becoming a rostered minister of the ELCA; (2) who have graduated from an ELCA seminary or other approved theological institution of higher education; (3) who are serving in an active full **or** part time call within the NWLMS; (4) who have outstanding seminary-related educational debt; and (5) who comply with application procedures, deadlines, and other requirements as stated within these Program guidelines and the Seminary Debt Reduction Assistance Applicant Information and Instructions.

Procedures

1. The Seminary Debt Reduction Assistance Team will oversee administration of this program.
 - a. The Team will be accountable to the Bishop's office and the Executive Committee of the Synod Council.
 - b. The Team will be under the functional leadership of the Finance Table.
 - c. Participation with the Team will be on a volunteer basis and will consist of a minimum of three members with oversight by the Synod Treasurer.
 - d. The Team Chair will be appointed by the Bishop and will serve a minimum of a two-year term.
 - e. Team members will have the opportunity to be trained as a resource for congregations, working with rostered ministers and as advocates for congregations and rostered ministers who are in need of encouragement and support.

2. The Seminary Debt Reduction Assistance Team will have the following responsibilities and duties:
 - a. Organize and conduct meetings.
 - b. Serve as a contact for congregations.
 - c. Serve as a contact for rostered ministers.
 - d. Oversee compliance with the Seminary Debt Reduction

September 2022

Assistance Program procedures and requirements, including the following:

- (1) Payments will be made only toward the debt principal with the goals of shortening the debt repayment time, reducing the monthly payment amount, and/or reducing the total amount of interest paid on the debt. Recipients also will continue to make their own regular contributions toward their debt repayment obligations.
 - (2) Payments must be made payable directly to lending institutions.
 - (3) Debt Reduction Assistance recipients will commit to remain in an active full-time or part-time call status within the NWLMS for three (3) years after the most recent payment made on their behalf.
 - (4) Debt Reduction Assistance recipients are required to engage in financial literacy (counselling and education) requirements as determined and outlined by the Debt Reduction Assistance Team on an annual basis.
 - (5) Debt Reduction Assistance recipients will retain annual eligibility to apply for additional assistance until their seminary debt has been paid in full as long as program policies, procedures, and requirements have been fulfilled in the prior year(s) as a recipient.
- e. Oversee the following functions:
- (1) Fund raising / budgetary responsibility (oversee offerings at installations and ordinations, communicate fund existence, explore other funding opportunities, determine monies available for disbursement and the amount of individual grants);
 - (2) Debt Reduction Assistance application process (communicate fund existence and application availability, oversee application distribution, respond to questions during application completion, collect completed applications);
 - (3) Debt Reduction Assistance selection process (confidentially review applications for eligibility; select recipient(s) based on established criteria which further the goals of this Program, to include but not limited to nature and amount of the debt,

quality of application completion, whether the applicant has been a prior recipient, current Rostered Leader Annual Report on file with Synod office, documented attendance at Synod boundary training within the prior three years, etc.; obtain Bishop and Executive Committee approval of selected recipient(s); communicate with selected recipient(s));

- (4) Debt Reduction Assistance fund distribution (ensure payments are made directly to lending institution(s)); and
- (5) Financial literacy counseling and education (arrange for and oversee participation in and completion of outlined requirements).

3. Program Funding and Annual Distributions

- a. Initial funding will be established through installation and ordination offerings with continued funding through donations.
- b. The Seminary Debt Reduction Assistance Team will prepare communications of the existence of the Seminary Debt Reduction Assistance Fund for individual congregations or individuals to designate gifts for the fund.
- c. As needed, other funding options shall be identified, researched, reviewed, recommended, and approved by the Synod Council.
- d. The standard grant amount will be \$2,000 and awarded to approved recipients.
- e. The fund will be paid out up to its entirety each year, if there are enough applicants, and any remaining amounts will be carried over to the next fiscal year. (Example: If the fund has \$9,000 available and there are seven eligible applicants, four applicants would be selected to receive \$2,000 each and the remaining \$1,000 would be carried over to the next fiscal year.)
- f. The intent is not to continuously keep funds carried over, however, in cases of large one-time donations to the fund, if there are not enough applicants for \$2,000 grants, it is possible that funds will be carried over for a few years, using the larger donation to

supplement years with lower donor amounts.

g. Alternatively, during years where large donations are received and/or a large balance in the fund is being managed, the Seminary Debt Reduction Assistance Team has the authority and flexibility to:

i. Award grants at multiple times within a single calendar year; and/or

ii. Increase the standard grant amounts from \$2000 to a level not to exceed \$4,000 per recipient. If an increased amount is awarded to a group of recipients, the same amount is awarded to each recipient within the group and/or

iii. Allow grants to be applied to non-seminary related debt, while still keeping seminary debt as the priority of the fund.

iv. If there are multiple grants in a year and/or increased grant amounts, in no case shall a single recipient receive more than \$4,000 in a single calendar year.

h. All contributors of designated funds will be informed that (1) if contributions are not distributed in the current fiscal year, they will be rolled over and retained in the seminary debt reduction assistance fund for the subsequent fiscal year; and (2) if the program is discontinued, any remaining funds will be used toward seminary scholarships or comparable ministry financial support.

Ultimate responsibility for the application of and compliance with Program requirements and any exceptions granted to any recipients are within the sole discretion of the Bishop's office and Executive Committee.