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Catholic Schools Must Increase Enrollment and Revenue to Fulfill the Mission

By James T. McGibbon

"Offense is the Best Defense" Against Further Declines

Over the past 45 years, Catholic schools in the U.S. have been beset by a steady decline in enrollment—from more than 5.2 million students in the early 1960's to approximately 2.1 million students in 2009-2010. (1) Catholic schools generate approximately 70% of their revenue from tuition, which means that declines in enrollment result in significant operating deficits for many schools. As Catholic school enrollment levels have fallen, the cost of a Catholic education has increased. In the past, many Catholic schools were able to charge a relatively low average tuition rate by enrolling 40 to 60 students per classroom, leveraging school facilities and personnel. In addition, parishes were in better financial condition, meaning they could provide large subsidies to the parish school, and in some cases, provide a free Catholic education. Today, the average teacher to student ratio is 1:14 (2) and the average tuition rate per student is much higher. (3)

One of the root causes in the decline of Catholic education is the lack of Catholic formation among many parents educated in the post Vatican II era. Often missing is a full appreciation for the value of the formation of the whole person, particularly the formation of the moral and spiritual person, integrated with the intellectual, found in the truly Catholic culture still present in most Catholic schools today. Many of these parents have elected to send their children to public schools, relying on CCD programs to provide Catholic formation. Additionally, many Catholics do not contribute enough financially to enable parishes to support their parish schools. The lack of Catholic formation amongst parents will likely take decades to correct and has many ramifications; however, one of the most concerning is the continued decline in the number of Catholic school children.

Many parishes are struggling financially or do not believe that they should support their schools, and are therefore offering little or no parish assistance. To eliminate deficits and fulfill their mission of educating more children in the Catholic faith, Catholic schools must: ensure that their academics and Catholic identity are strong, market their schools more aggressively, and increase enrollment through scholarships given to parents based on their ability to pay, rather than tuition discounts to maintain price points and increase the number of stakeholders who are supporting the Catholic school system.

First and foremost, it is essential that Catholic schools deliver a high-quality Catholic education. Catholic schools should have a strong Catholic identity, high standards of academic achievement, access to technology and other educational resources, and effective curricular and extracurricular programs to attract and retain students. Catholic schools should strive to maintain these core elements at a level beyond that of the competing public and private schools, and think creatively about other ways to differentiate themselves. Catholic schools must also make Catholic education accessible to children of all socioeconomic backgrounds, including those who will enter the workforce directly from high school, and not just those who are preparing for college.

For most Catholic schools, relying solely on the quality of their product to attract new students—the "if you build it, they will come" approach—is no longer sufficient for attracting and retaining new students. This approach amounts to "playing defense" – a game plan that may have been moderately successful for many schools in the past, but has since become increasingly ineffective as operating expenses have increased and tuition revenue has declined. Catholic schools can increase enrollment by adopting more proactive marketing strategies to inform parents of the value of a Catholic education and the opportunity to attend

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Catholic schools at a tuition level they can afford. Parents need to be made aware that, according to the National Catholic Education Association, Catholic secondary schools report a graduation rate of 99.1 percent, higher than rates reported by other religious schools (97.9 percent), non-sectarian schools (95.7 percent) and public schools (73.2 percent). In addition, students graduating from Catholic high schools are also more likely to attend four-year colleges (84.7 percent) than students graduating from other religious (63.7 percent) and non-sectarian (56.2 percent) schools. Catholic school graduates are twice as likely to attend four-year colleges as graduates of public schools (44.1 percent).

Given the high quality education Catholic schools provide, many more parents would be interested in sending their children to Catholic school if they were better informed of the benefits and the associated costs. This is especially true for poorer populations who often lack easy and timely access to information. Marketing effectively involves principals, teachers, and parents. It includes reaching out to parishioners, soliciting the pastor's help with recruiting, and going directly into the community, utilizing direct mail and other techniques to get the word out to parents. Increasing enrollment to desired levels may also require that Catholic schools hire principals with administrative, academic and marketing skills, or that they hire a dedicated marketing professional to assist principals with marketing and fundraising activities. A growing number of outside resources are available to assist with some of today's unique challenges. Notre Dame University's Alliance for Catholic Education (ACE), has created effective programs especially designed to meet the need of Hispanics and other immigrant communities and families seeking a Catholic education for their children.

While improving demand through marketing would almost certainly increase enrollment at current tuition rates, these efforts alone are not likely to be sufficient to solve

enrollment and revenue problems. Unfortunately, the relatively high cost of Catholic schools (or at least, the perceived high cost) is a major deterrent for many parents who do not place a high value on Catholic education, and are content sending their children to non-Catholic schools that charge lower tuition or no tuition at all. To increase enrollment further, Catholic schools must lower the actual amount paid per student and then work with parents to help them find ways to afford the tuition. Filling seats in a classroom can be compared to filling seats on an airplane – the incremental cost of adding an additional student/passenger is extremely low. Therefore, if the principal and the parents can arrive at a mutually agreeable tuition through assistance or scholarships, thereby filling an empty seat, it benefits both parties. Of course, processes should be in place ensuring all parents are treated fairly, and that individual scholarships do not decrease the total tuition by such a large amount that adding incremental students decreases net income. Dioceses can help by providing guidelines and examples of other schools enjoying success with this approach and through introductions to other experienced principals who can provide mentoring. If a school can add even a modest number of students, the average tuition paid declines while the total revenue and bottom line improves. However, given parents' demand for student:teacher ratios below 30, Catholic schools cannot focus solely on increasing enrollment to solve their financial problems.

In addition to increasing enrollment and offering scholarships in the form of reduced tuition rates, Catholic schools need to generate more non-tuition revenue by increasing the number of "owners" and "stakeholders." Pastors, parishioners, alumni, community members, foundations, local, state and federal governments, a proactive principal, and a majority of parents must all have a "stake" in supporting Catholic education for everyone's benefit. Dan Conway, President Emeritus of O'Meara Ferguson's Mission Advancement

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Services, outlines the critical elements of success for Catholic schools in two articles in the January and February issues of the *Good Steward Newsletter*, available at www.omearaferguson.com/gsn.

Aggressive fundraising, on a large scale, includes contacting alumni and local businesses that might be willing to support Catholic education and individual students. Many schools have been around for decades and have never reached out to their alumni who would likely be willing to give \$25 per year to \$2,500 per year or more. A Catholic school parent recently relayed that his Catholic school contacted a billionaire who had attended the school many years ago, soliciting a \$1 million donation. The billionaire wrote a letter back stating that \$1 million was perhaps a bit high, but that \$500,000 would be reasonable, and enclosed a \$500,000 check with the letter.

As part of their fundraising efforts, Catholic schools must solicit grants from foundations

and seek local, state, and federal funding. Many foundations and government agencies recognize the immense value that Catholic Schools provide to our society and are willing to support Catholic education through scholarships and grants. The Archdiocese of Chicago estimates that its school system saves the City of Chicago over \$1.0 billion per year. (4) Additionally, many business leaders educated by the Catholic school system contribute to society through their work with for-profit and not-for-profit enterprises as executives, board members and donors. The Catholic school system has provided many tangible and intangible benefits to society. Now it is time to ask all of the direct and indirect beneficiaries to give back. With a majority of Catholic schools already paying their teachers below a competitive salary and buildings in decline, there are no more material costs to cut. The way to growth and health is through more students and more revenue to support the most effective school system in the United States.

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(1) Dale McDonald and Margaret M. Schultz, "United States Catholic Elementary and Secondary Schools 2009-2010: The Annual Statistical Report on Schools, Enrollment and Staffing," National Catholic Educational Association, <http://www.ncea.org/news/AnnualDataReport.asp> (accessed Jan 21, 2011).

(2) Ibid

(3) "Since 1990, the average tuition in both elementary and secondary Catholic schools has more than doubled; in that same time, the portion of the total cost of educating a student which parents pay in tuition has risen by almost 13 percent.", United State Conference of Catholic Bishops, *Renewing Our Commitment to Catholic Elementary and Secondary Schools in the Third Millennium*, 2005

(4) "Archdiocese of Chicago Fact Sheet," http://schools.archchicago.org/public/factsheet.shtm#taxpayer_savings (accessed Jan 24, 2011).

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