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Ark Builders: Catholic School Superintendents Reflect on Financial Challenges Facing Catholic Elementary Schools



*“Predicting rain
doesn’t count;
building arks does.”*

– Warren Buffett

The financial challenges facing Catholic elementary schools are clear and often dire. The rising costs of a just wage for a lay workforce, the budget-breaking costs of technology innovations and upgrades, and catching up with deferred maintenance have all escalated tuition rates equating with a greater and greater percentage of available parental income. Many parents traditionally in the Catholic school market are now looking elsewhere, convinced that value no longer justifies the cost. Not only are all school leaders called to improve and market their product more effectively and broadly, but also new and improved models of financial planning and oversight are needed, both locally and at the diocesan level. This situation forecasts a storm of lost income due to enrollment declines with no umbrellas of alternate resources in sight.

STANDARDS AND BENCHMARKS

Traditionally, the position of superintendent has been focused on the Catholic identity and educational programs of schools. However, more and more of a superintendent’s responsibilities are focused on finances, particularly for elementary schools. Standard 10 of the *National Standards and Benchmarks for Effective Catholic Elementary and Secondary Schools* (2012) states, “An excellent Catholic school provides a feasible three to five year financial plan that includes both current and projected budgets and is the result

of a collaborative process, emphasizing faithful stewardship.” Far too many Catholic schools have yet to attain or even make progress toward this standard. As a result of this deluge of need, superintendents are called to be ark builders, setting up structures and supports for schools to achieve Standard 10 and its related benchmarks.

Seven superintendents from dioceses across the country weighed in on the financial challenges faced by their elementary schools and what their offices were doing to build solution arks:

- Katherine Almazol: Retiring Superintendent of the Diocese of San Jose
- Dr. Kevin C. Baxter: Senior Director and Superintendent of Catholic Schools of the Archdiocese of Los Angeles
- Vernell Bowen: Retiring Superintendent of Catholic Schools of the Diocese of Little Rock
- Kathleen Power Mears: Superintendent of Catholic Schools of the Archdiocese of Boston
- Dr. Jim Rigg: Superintendent of Catholic Schools of the Archdiocese of Chicago
- Dr. Kim R. Pryzbyski: Superintendent of Catholic Schools of the Archdiocese of Miami
- Dr. Melanie B. Verges: Superintendent of Catholic Schools of the Diocese of Baton Rouge

THE CHALLENGES

Expertise

Though schools usually employ several experts on curriculum and instruction as administrators or teachers, operating with financial reporting and planning expertise is much rarer. There was universal agreement among the superintendents interviewed that lack of site-based financial expertise is a key contributor to problems with financial planning and oversight. This lack of expertise can refer to the skill set of a principal, a pastor and even the person who is assigned bookkeeping duties. Schools often do not have the budget to hire fully-qualified staff in financial areas, and school business operations are often the first to be reduced (or eliminated) with cutbacks. Principals, who often come from the ranks of teachers, may have little formal training in Catholic school financial management. A similar situation exists for many pastors. If a school administrator is lucky, a board member may provide needed expertise in this area, but relying on volunteers alone for such critical functions can create oversight issues. Furthermore, it is often the schools in most need of help that have the weakest volunteer pool from which to draw. This lack of expertise, or absence of effective training at the site level, can result in major issues with cash flow projections resulting in budgetary shortfalls, and inevitably impacts a school's ability to project and plan effectively in either the short or the long term. Without staffing equipped to follow standard practices, schools suffer internally, and data received from them at the diocesan level is often confusing or inadequate.

Communication

A second problem identified is communication. There is often poor communication between schools and the diocesan schools office, and/or between the schools office and other diocesan departments. Schools are hesitant to report financial problems for fear of closure which has created a reluctance to share true numbers and financial realities until it is too late to help. Likewise diocesan finance offices often communicate and make decisions regarding school budgets without notifying the superintendent, and diocesan schools offices make decisions relating to budgets without notifying the diocesan finance office. A strong line of communication between the superintendent and diocesan finance director is a critical component for a positive strategic relationship. Though communication alone cannot solve budget deficits, lack of communication can exacerbate them.

“There can be
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- Dr. Jim Rigg,
Archdiocese of Chicago

Authority

Finally, superintendents pointed to the sensitivity needed when dealing with matters of authority. Most parish schools are under the authority and supervision of the pastor. Diocesan efforts to better monitor finances or standardize financial practices in parish elementary schools are only successful to the extent that the pastor supports these efforts. In a positive trend in recent years, more and more pastors have been open to outside help with the finance operations of their schools, and diocesan offices are having a more direct impact on the budget and finances of parish schools.

SOLUTIONS

Even though the superintendents interviewed are taking a variety of approaches to respond to identified problems from close involvement to a more “hands-off” approach, a number of trends can be identified. Interestingly, financial principles associated with effective budget and management practices actually parallel the educational principles of effective instruction associated with data collection and management, including dashboards, differentiation and direction.

Data and Dashboards

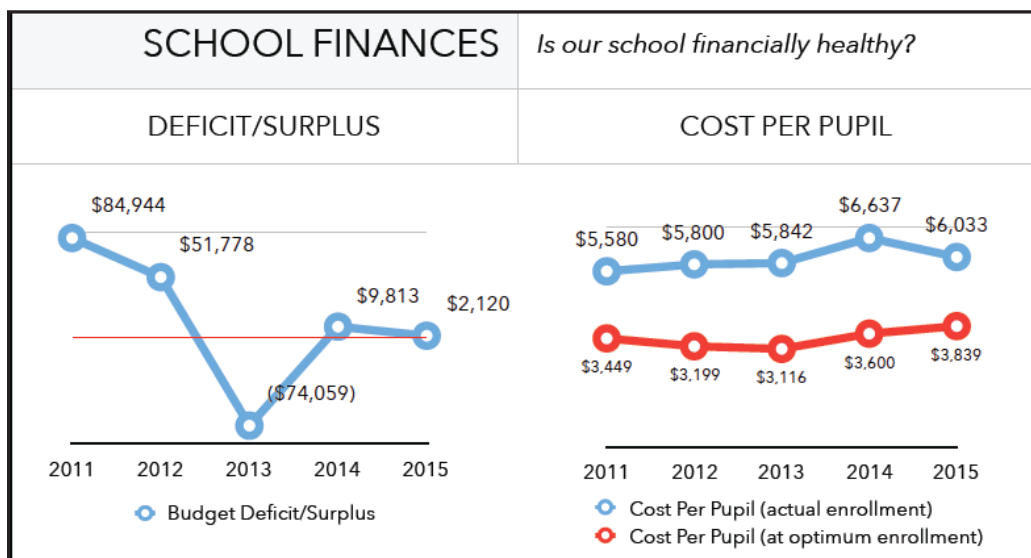
All superintendents interviewed identified the need for accurate and up-to-date financial data to be reported on a quarterly (or even monthly) basis and in a usable form as key to any diocesan help or direction for schools. This requires:

1. A standard chart of accounts and practices to create “apples to apples” comparisons
2. Standardized processes of data entry so that entry amounts are not varying due to site practices
3. An effective data gathering tool used consistently and perhaps a cloud-based tool to facilitate real-time viewing

Many superintendents monitor school financial data through the use of data dashboards. A data dashboard is a single page report of key performance indicators (KPI) of a school’s vitality and success relative to standards. In the Archdiocese of Los Angeles, Dr. Kevin Baxter relies heavily on a school *Snapshot Report*.

“I can bring up the dashboard for that school, and I can immediately know a great deal about its current performance and performance over time.”

- Dr. Kevin Baxter,
Archdiocese of Los Angeles



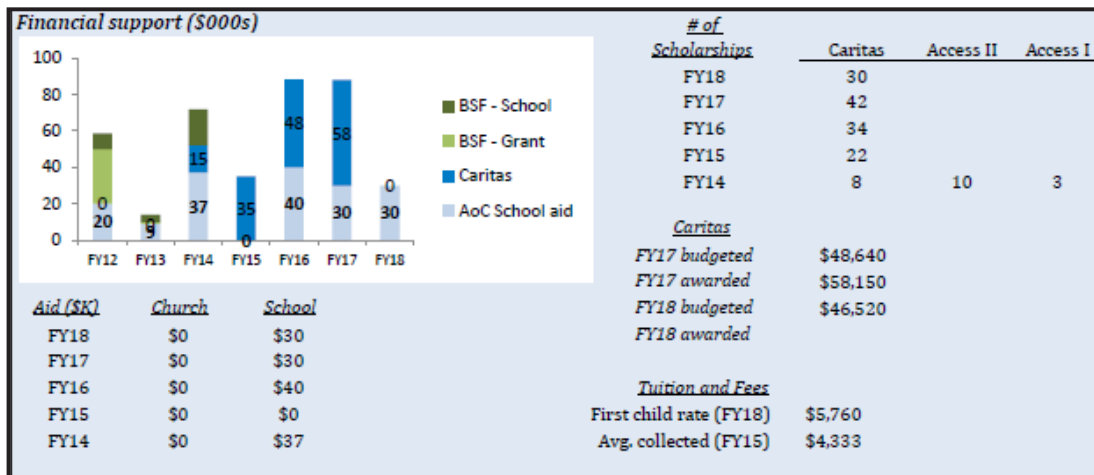
Detail from the Archdiocese of Los Angeles “Snapshot Report”

Indicates yearly deficits and cost per pupil. This dashboard shows the different cost per student between current and optimal enrollment.

“If we are talking about a school for any reason, I can bring up the dashboard for that school, and I can immediately know a great deal about its current performance and performance over time.” Most student information systems, tuition collection systems and accounting software allow the user to create a variety of snapshot reports by combining historical and quarterly data. An isolated piece of data has little meaning outside of a trend. Data dashboards are useful tools for displaying such trends to support the making of strategic decisions as to allocation of resources and time. Baxter points out that data dashboards also are excellent to show to donors as they create a clear picture, demonstrate understanding of the entire system, and support the adage, “That which is measured, improves.”

Detail from the Archdiocese of Chicago “Scorecard Report”

Indicates various sources of income for a particular school over a number of years.



Differentiation

Just as students need different levels of academic intervention and support, schools benefit from differentiation. A “one-size-fits-all” approach to financial management of schools is not the best allocation of resources. Many dioceses evaluate school health by the traditional green, yellow and red categories, but without a customized approach to the schools of each category, these often serve as self-fulfilling determiners, and too many dioceses watch the gradual slide from green to yellow, yellow to red and red to closure.

Finances		
20	Tuition and Fees uncollected from last year/Total Budget	2%
21	Tuition and Fees collected/Total number of students	\$3,776
22	Tuition and Fees collected/Total Salaries and Benefits	85%
23	Total Debt Obligation (includes PRF)/Total Revenue	5%
24	Parish Direct Subsidy as % of parish ordinary income	15%
25	Comparison of entry-level teacher salary to local school district	105%
Rating: ■ = Good ■ = Concern ■ = Key Concern = No Rubric N/A = Not Available		

Detail from the Archdiocese of Seattle “Indices of Vitality”

Note the color coding for each data point for quick understanding and comparison.

The superintendents interviewed advocate for a more active approach to differentiation. In the Archdiocese of Chicago, Dr. Jim Rigg coordinates a school improvement plan, triaging schools into three levels of support. Turnaround Schools are located in areas where there are not enough resources in the community to support the school and outside support will be necessary for the foreseeable future. These schools are placed under the direct financial control of the Archdiocesan schools office and their financial operations are conducted by Archdiocesan personnel to improve practices and benefit from economies of scale. Parish Improvement Program Schools have financial challenges, but not at the level of Turnaround Schools. These schools receive more regular visits from the Office of Catholic Schools and must file financial reports more frequently so that their month-to-month health can be more closely monitored. Schools in the general population send in regular financial reports which are examined for key data points that might indicate operational weakness. Critical to this effort, Dr. Rigg insists, is complete transparency between departments, “There can be no silos in the diocesan office if we want to truly help these schools.”



About the author ...

Gregory Dhuyvetter **Lead Consultant**

Gregory Dhuyvetter joined Catholic School Management with more than 35 years of experience at all levels of Catholic school education. He has served as teacher and administrator and has seven years of service as a superintendent.

Greg presents regularly at the National Catholic Educational Association Convention, the Catholic Leadership Conference and has twice been the keynote speaker of NCEA's national conference on STREAM.

Greg has published articles in *Momentum Magazine*, *Houghton Mifflin Harcourt Journal of Educational Excellence* and other journals. In 2016, Dhuyvetter was recipient of the Lead. Learn. Proclaim. Award from NCEA.

Greg received his BA and MA in English from Cal State University, Fullerton, where he taught for a number of years, and a master's degree in educational leadership from United States International University in Los Angeles.

Direction

Every superintendent interviewed recognized that training of school business managers, bookkeepers and principals is necessary for the effective functioning of every other part of a financial management program. In order to operate with standard practices and procedures, every person involved with school finances must have regular training by diocesan officials, and clear procedure manuals must be available. Even trained professionals, including CPAs and MBAs, often have difficulty adjusting to the realities of Catholic school finances and need to adopt a standardized approach. This training has to be done in close collaboration between the diocesan schools office and the diocesan finance office to make sure that everyone is hearing the same message and will not receive different answers to questions depending on whom they call. The logistics of training may be a challenge, but this is a solvable challenge.

**"It doesn't matter what plans
you make if the finances
aren't accurate."**

**- Dr. Kim Pryzbyski,
Archdiocese of Miami**

As Dr. Kim Pryzbyski of the Archdiocese of Miami noted, "It doesn't matter what plans you make if the finances aren't accurate." Effective financial operations are critical to the success of any school and particularly for schools struggling with enrollment or resources. Diocesan leadership can respond to the clear forecast of financial challenges facing Catholic schools by establishing protocols for the capture and monitoring of data, developing individualized plans for schools based on this information, and providing standardized procedures and training to guarantee that the data is correct. Kathy Almazol of the Diocese of San Jose summarized the work of all of these ark builders: "We standardize what is best, centralize what can be done, and keep local what belongs there."

For further information on data and dashboards, see the *CSML* from November 2013, "Dashboard Indicators for Monitoring the Effectiveness and Vitality of Catholic Schools: Utilizing Metrics to Drive Mission Success."



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