



NEW WINE FOR AN OLD BOTTLE

Saving Catholic Schools

Summary

America's K-12 education market has not been kind to Catholic schools in recent decades. The growth of reforms like charter schools, offering tuition-free alternatives in many urban areas, has created a competitive environment. However, dioceses have been slow to respond to shifting market demands. The recent financial crisis has also hit struggling Catholic school systems particularly hard, representing a fatal blow for some.

In early 2010, The Center for Education Reform (CER) was asked to take a critical look at the issues facing struggling Catholic schools and determine if there were any new, untapped solutions worth exploring to stem their losses, reduce the closures, and sustain what is widely believed — by educators and experts alike, regardless of catholicity — to be a national treasure.

Dozens of solutions have been debated and well-documented by other institutions and individuals over the years. These remedies generally fall into two categories: those that depend largely on public policy initiatives (e.g. vouchers, tuition tax credits) and those that would be considered school-based.

While public policy solutions are important to keep on the table, as they could have a huge impact on the ability of the religious school sector as a whole to remain solvent, Catholic school leaders can't wait for the next governor to make school choice his or her priority; the crisis is real and now.

School-based solutions, if they haven't relied almost completely on subsidizing revenue with philanthropic dollars, have focused in recent years on the conversion of Catholic schools to something else — generally public charter schools. Charter school conversions have dotted the landscape in a number of major cities. And while this has been a benefit to many students outside of the Catholic culture who obviously deserve additional educational options, the strategy hasn't solved the problem of preserving *Catholic* schools. It's like buying a new bottle of wine and discarding the old.

The rich tradition of Catholic education is not something to be discarded so lightly. A variety of high quality, diverse schooling options are what will make our system strong. We must find creative ways to put new wine in old bottles, without relying completely on public or school-based options, hoping politics will work in our favor, economics will change, conversions will save us, or that by whittling away at the number of schools, the strongest can be preserved.



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Catholic school leaders and their supporters have wrestled first hand with these challenges and some unique ways of creating more independently sustainable schools have been developed. Outside the Catholic sector, new schooling models are transforming the way education is being delivered, including how human capital — a school's biggest expense — is being deployed. These strategies are worth exploring to see how they might apply to the Catholic school sector and if they present alternatives that dioceses should be looking at to prevent closing down their schools.

Rather than toss the old bottle into the trash, we believe it should be cherished and savored. There are solutions that, with the right information and determination, can provide innovative thinkers the means to save the national treasures that are our Catholic schools.

The Research Process

CER probed at the root cause of problems facing Catholic education by reviewing the existing literature and interviewing both lay and parish leaders in numerous and varied forums. What we discovered is that, for the most part, the Catholic school system operates on a model that worked a half century ago but fails to account for a wholly different social structure and education environment in our nation today. In short, the problems go beyond declining enrollment and rising debt to a failure to acknowledge the expectations of modern day schooling and market Catholic schools as compelling alternatives to status quo options.

In a steadfast effort to introduce a set of usable models to provide an anchor for sustainable Catholic schools, meetings and forums were organized with leaders in Washington, DC, New Jersey, North Carolina, and New York City. Discussions focused on the existing legal, financial, and operational structures of Catholic schools. The purpose of the investigation was to understand the costs and benefits of saving the system. Meetings were held with:

John Eriksen, Superintendent of the Paterson New Jersey Catholic Diocese school system, provided a unique glimpse into new management solutions that would need to be adopted if Catholic schools are to remain competitive in the education market. CER introduced John's story to *TIME Magazine*, and his innovations in Paterson were covered in depth in its October 2009 issue.

Bob Luddy, a North Carolina entrepreneur and founder of several independent, Catholic-heritage schools and one of his principals, Larry Henson, provided compelling evidence for the economics of an independent school model that could be employed by Catholic communities.

A distinguished group of Catholic leadership, virtual school business professionals, and education experts from across the Atlantic seaboard were convened in Washington, DC to review models of Catholic schooling that preserved the culture and ethos of these institutions while providing significant financial leverage. Important findings as to the use of technology and integration of blended school structures went into the "new wine" framework for Catholic schools.

Five Ways to Save Catholic Schools — A Blueprint

From school closings to conversions, the loss of Catholic schools undercuts the Church's ability to serve the populations most in need of the spiritual and structured focus they can provide. While there's no question that the failure of states and communities to adopt new public financing mechanisms (e.g. vouchers and tax credits) has put a strain on Catholic schools, clearly long-term solutions cannot be so dependent on public policy.

Over the past few years, there has been renewed interest in some innovative models that might represent new guideposts for Catholic school supporters. The following are offered as examples; and should be considered together, and in various combinations, in order to maximize the potential of each individual approach.

1) A new kind of CMO — The Catholic School Management Organization

Shortly after its inception in 1992, the charter school sector gave birth to an organizational entity called the Charter Management Organization (CMO), as groups like KIPP were formed to scale high quality educational models.

A CMO is most often defined as a non-profit organization that creates a network of schools built around a shared educational mission and culture. Most CMOs begin from the ground up and partner with individuals, or create governing boards, to enable the delivery of their unique brand and approach to schooling. (EMOs are the term that fits similar organizations that are for-profit.)

CMOs, depending on the size of their network, are able to reduce the inefficiencies involved in stand-alone charter schools¹, freeing principals and educators to focus on student learning. For example, Green Dot Schools, a dynamic, high-performing CMO network in Los Angeles, CA, has a "home office" that tends to each school's financial management and provides "recommended practices" in the areas of curriculum, operations and professional development.

Why They Succeed: As managing organizations of charter schools, CMOs free the school-based personnel from day to day administrative and educational decisions. The curriculum, the standards, the theory and the substance are shared amongst a variety of schools that CMOs create or manage. With more than one school under their belt, CMOs consolidate functions that often impede individual, single charter school growth or deter its leaders from focusing exclusively on outcomes. From preparation and training of teachers, to hiring and retention, to accountability and reporting, the CMO can do at scale what the individual school is often challenged to do alone.

The Catholic Version: Catholic schools have the same challenges as some of these single charters. While some models exist for cost sharing and collaboration over human resources and administrative needs, the fact still remains that the principal is the manager, curriculum director, vendor contact and parent liaison all in one. Pastors in parochial schools often are burdened by an overflow of concerns the principals brings to them.

¹ Scaling Up Charter Management Organizations: Eight Key Lessons for Success, 2009. The Center on Educational Governance, University of Southern California.

Using the CMO as a model, Catholic schools could be restructured around a Catholic School Management Organization (CSMO) that would reduce overhead and administrative minutia, thus creating a more focused attention on providing a quality education. Some even argue that these management shortfalls are a growing concern for middle class families who often see little reason to pick a Catholic school over their local public school anyway.

An independent Catholic group, such as Catholic Charities or even a newly formed entity, would likely create a CSMO. Such an entity would “contract” with schools to handle specific (generally operational) components of the school, ideally those that distract educators from their focus on instruction, including human resources, purchasing, financial management, grounds & maintenance, and much more.

The CSMO would take on these services for a cost-based fee that would be less than the school could provide the service for because it would be purchasing at scale. While further financial modeling would need to be done on a school by school level, it has been suggested that such a plan might save as much as \$1,000 per student in costs, making tuition vastly more affordable for some. Combined with other potential options described below, the cost of Catholic education could potentially be cut in half.

Management by Coordinated Catholic Institutions: Several intermediary organizations exist that could take on the role of CSMO. Catholic Charities, for example, is a multi-million dollar operation serving nine million people a year and supported by dioceses and donors that have in place administrative support, HR, legal, training and purchasing divisions. They support other organizations that provide direct services to those in need as well as provide the services themselves. Catholic Charities would likely welcome becoming affiliated with schools in a different way, in exchange for a fee or a cost-free use of the facilities in off hours to provide their own services without the need for overhead that usually accompanies the programs they administer.

In order for the CSMO model to work, a mutually beneficial arrangement needs to be identified and coordinated. A forward thinking pastor not concerned about the governance model and working independent of the diocese is often necessary. Institutions of higher education with a Catholic affiliation and structure would be excellent candidates to assume the CSMO role, sharing oversight for non-education functions while gaining a unique partnership.

2) The Blended Catholic School Model

Catholic schools ready to reach past the challenges of the present and embrace a more vibrant future are beginning to explore blended learning — a combination of online and face-to-face instruction with truly transformative potential.²

The essential ingredients for any effective blended program are a quality online curriculum with built-in instructional intelligence combined with a powerful learning management system and expert online teachers. Catholic schools implementing blended learning can use these digital resources strategically alongside in-person teaching and physical materials to achieve multiple critical benefits.

² Horn, Michael B., and Heather Staker. The Rise of K-12 Blended Learning. Rep. Innosight Institute, 2011. Print.

Personnel Efficiencies: First and foremost is the ability to use the school's human capital more cost-effectively. No longer is the instructional footprint of the school directly dependent on the number of professional teachers in the building, nor does every class in the school need to be the same size with the same ratio of adults to students. Instead, the school can concentrate its best, most costly face-to-face teaching resources on the most essential subjects and utilize expert online teachers in concert with less expensive aides and facilitators for other courses. Imagine a blended Catholic school in which third grade reading and Algebra I are taught by teams of professional in-classroom and online teachers, while social studies comes to life through highly interactive online instruction supervised by a paraprofessional; in which middle school students take a dozen or more foreign languages online in the library before convening for group work on religious studies led by spiritual expert volunteers from the parish. Catholic schools faced with shrinking resources can leverage their largest budget line — that for personnel — much more expansively by blending in online learning.

Enhanced Curriculum: Blended learning promises much more to Catholic schools than just cost savings. Integrating online learning means that a school's curriculum offering can go from narrow to expansive overnight — without incurring additional faculty, textbook and space costs. Imagine the quality boost of being able to offer students the full complement of Advanced Placement® courses, exotic electives, dozens of foreign languages, gifted courses, sophisticated science simulations and personalized preparation for the SAT and ACT. Suddenly the neighborhood Catholic school offers a program that rivals the most elite prep school — and the downward spiral of diminishing expectations is reversed.

Increased Marketability: Vibrant blended learning programs can position Catholic schools as innovative, forward-looking institutions well suited to the 21st century. Families and communities treasure Catholic schools for their safe environments, classical curricula, and embrace of tradition — all invaluable qualities that must be preserved. But these same qualities can be combined with a smart embrace of technology and programming that prepares students for the rapidly evolving future. With blended learning, Catholic schools can embody the best of both worlds.

3) Create Independent Catholic Schools

Many of the local leaders we solicited argued that both the financial and the governance model of parish-based Catholic schools — particularly in the inner city — are a thing of the past. They argue that independent Catholic schools can more nimbly and efficiently innovate, spend, hire and make decisions that might preserve them for longer and at less cost to highly challenged parishes. Independents are separate from the parish, though they may use existing facilities, and can successfully maintain the “catholicity” native to the church. Perhaps most important, independent schools can adopt programs and curricula that are often considered more demanding and of higher quality than the traditional parish program, which accumulates over time and is often prescribed by less-rigorous diocesan employees.

This issue of quality in Catholic schools is one that experts have long debated. Derek Neal (University of Chicago) and others show evidence that Catholic schools retain students longer, graduate higher numbers, and produce higher college completion rates than urban public schools, particularly with minority populations. Still, there's some disagreement as to whether the curriculum model or approaches offered explain the results or if they have more to do with the fact that Catholic schools

are safer, more formational for the student, and more rigorous in terms of discipline and order. Consequences are more frequently imposed on Catholic schools, where they are often non-existent at comparable neighborhood public schools.

Regardless, whether achievement gains are, indeed, greater is often of less concern to parents whose neighborhood school is unsafe or has a spotty achievement history, but in the higher income communities, not having a major academic and achievement distinction between relatively good public schools and Catholic schools often keeps parents from parting with their money. All of the participants we engaged strongly believe the market follows quality. Catholic schools — by becoming more independent and learning how to innovate and improve — can gain a new market share of middle class customers who will pay for quality education in a Catholic environment but won't pay for an average one. The evidence suggests that strong, well-marketed, successful programs can attract parents despite the cost.

Such has been the case at St. Jerome School in Hyattsville, Maryland, just outside Washington, DC. St. Jerome ended its 2008-09 school year with a deficit of \$117,469 and enrollment down to 297, from its high in 2001 of 530 students. The Archdiocese of Washington has a policy requiring schools with significant enrollment and financial challenges to hold a "consultation" with parents and community to discuss the purpose of the school. This consultation turned out to be the pivotal event for St. Jerome's. Parents affirmed, "they were looking for an authentically Catholic school, and they wanted a rigorous curriculum" and, over the course of the next year, raised \$190,000 (far more than they'd expected!) and drafted a new classical curriculum that has galvanized the parish community and halted the spiraling enrollment numbers. As Deacon Bert L'Homme, the new superintendent of Catholic schools for the Archdiocese of Washington, commended, "They're lighting a fire, both in terms of academics, and in their spiritual life."

Independent Catholic schools have the freedom to innovate educationally, and to choose financial models that work for them. The following are notable examples:

Raleigh, North Carolina: Saint Thomas More Academy High School in Raleigh was founded by businessman Bob Luddy, with the premise that he would deliver a strongly Catholic, high quality, Great Books program at an affordable price for most middle-income families.

Thales Academies (also founded by Luddy) is an independent, private school network loosely founded on traditional principles that resonate with the Catholic Church. The Thales network has expanded from one school with 30 students to three schools enrolling hundreds at each location. Thales infuses its curriculum "with the values of [America's] Founding Fathers, grounded by the Judeo-Christian and Greco-Roman heritage of Western Civilization." Thales presents another potential way to match the goals of Catholic education with a non-sectarian private school model that respects and promotes religion, but, because of its independence, is not limited to one approach and thus will be more attractive to a larger variety of families.

Saint Thomas More and Thales Academies provide good models of efficiently run, affordable Catholic-inspired independent schools. The cost at Thales is \$6,000 per student, which covers both building and operational costs. The school uses a "straightforward K-12 core curriculum," organized in ability groupings. It offers two college preparatory tracks in high school: humanities and technology. Thales adheres to a use of standard and efficient facilities to keep costs low and utility high. They take a

unique approach to personnel; teachers are hired on one-year contracts and are not required, nor recommended, to have licensure or certification. Administrators are drawn from the internal teaching pool and successful private sector managers. Luddy says that by keeping costs lower but delivering a high quality, highly focused education with a moral component, families are drawn to it, even if they must sacrifice to put their children there.

The Nativity Model: A network of three schools (St. Ignatius, Hunts Point, and Brooklyn Jesuit Prep) comprise the “Nativity Model,” which are Jesuit-run middle schools serving predominantly high-poverty families in several neighborhoods of New York City. The model consists of three separate but interrelated programs: a middle school program with extended after-school hours and an extended school year, a mandatory Summer Leadership Program and a Graduate Support Program.

School leaders claim the success of the Nativity Model is the result of their significantly longer school year and complementary support programs, along with a “challenging but accommodating” curriculum.³ Their costs are lower than a parish school since they are subsidized by a larger network (the Jesuits), and they often find complementary programs and support among a variety of institutions of higher education that are heavily endowed throughout the Jesuit community and funded by relatively expensive tuitions.

Recently the Nativity Schools model has begun to find favor among willing Catholic school principals as a means by which to reestablish a school or consolidate several schools under one new enterprise. By joining or forming a network — like Nativity Schools — a struggling parish school might be able to serve a segment of its school population that can pay and thus remain connected — even informally — to a feeder institution for parishioners seeking Catholic schooling. A parish could free up a building (or rent it to create income) and partner with other complementary programs to deliver education services that it is no longer able to manage financially. (To be truly effective, such models will want to enroll lower and high school students at some juncture as well.)

Combining a Nativity Schools model with the CSMO and Independent school model presents even greater possibilities.

4) Change Management Structures

To keep parish schools viable, diocesan leaders must recognize that, in many cases, neither the management or administrative systems nor personnel are as strong as they will have to be to meet the considerable challenges they face. In several districts, diocesan leaders are pursuing targeted efforts to bring in new systems and produce the kinds of strong leaders that will make containing costs and forecasting revenues and challenges more likely. Some of these changes could reduce financial burdens significantly:

Combine Purchasing, Management: The Healey Philanthropic Group is funding a program in Camden, NJ to teach Catholic school administrators how to be strong development and business people. This program works on three year sliding scale grants to cover the costs of a development director: Year 1- \$25K; Year 2- \$15K; and Year 3- \$11,500. The development position pays for itself over time.

³ Jesuits, New York Province: <http://nysj.org/s/316/nyps.asp?pgid=956>

Create Lay Boards: The Brooklyn, NY Diocese has completely overhauled how it structures its boards, making them independent from parish control. While the Diocese still “owns” and operates the schools, the boards are truly governing boards that have responsibility and accountability for financial and academic success, providing more opportunity for scalable change and innovation than parish leaders typically have time to explore. Such program innovations could involve blended learning models, new ways of delivering curriculum, new hires, removal of expensive or more senior staff and a variety of innovations in using buildings.

Early Retirement: According to John Eriksen, superintendent of the Paterson NJ Diocese, cost savings can be achieved through an “early retirement budget,” where, in exchange for retiring early, the diocese pays staff just enough to bridge the gap to Medicare, along with incentive pay of one week of salary for every year of service and permanent health stipend to age 65. This frees up expensive teachers and allows the school to repurpose those funds.

5) Creation of Revenue Streams: Combining Charters with Catholic Assets

While we have cautioned that charter conversions are not a solution to saving Catholic schools other than to save costs for Catholics, they continue to be one part of one solution to the general schools crisis. In fact, some Catholic school leaders have found innovative ways to save some portion of their schools — and grow their missions — even if that isn’t through actually running schools. As Paterson’s John Eriksen told his Cardinal and Archbishop, moving direct religious training into a different form, such as morals-rich charters, is better than doing nothing and losing the education market entirely.

Some key lessons should guide these efforts going forward.

In the same way Catholic schools run a parochial system, they will increasingly need to work through publicly funded systems to leverage their assets. To do this, Catholic leaders need skilled people experienced in business operations and government relations to help them examine their options of working with alternative schooling options like charters or independents.

However, some currently available examples are fast becoming lessons in what not to do. The relative ease of the conversion of seven Washington, DC Catholic schools, with its positive market for charters, gave people who supported those schools as Catholic false hope that they’d continue to serve the same students whose families had come to depend on them for a strong, moral education. Indeed, as a result of difficulties in achieving the same culture and support as had existed before the conversion, only roughly half of the families remained in the new Center City Charters.

The Center City Charter Consortium, which has gone through two leaders in fewer than four years, offers even more insight into what not to do. Our analysis suggests the Archdiocese of Washington should have probably considered converting fewer than seven schools, repurposing funds gained from doing so across the remaining schools, and used lessons outlined here (albeit in hindsight) — financial consolidation, improved quality, etc. — to recapture some market share (and, therefore, more effectively compete with the growing charter segment). In other words, by reducing financial burdens, restructuring existing schools, employing blended models to decrease human capital costs, and promoting the new quality schools, the Archdiocese may have been able to contain the challenges they faced and avoid alienating the loyal followers those schools had (who were admittedly poor and

scraping to pay for their children to attend the school in the first place.)

In Brooklyn, the Diocese has 43 schools and 10 empty buildings. Catholic Charities recently took over management of those on the Diocese's behalf and is offering buildings to potential charter organizers. The building space is contingent on contracting with the Catholic Charities in an operational CSMO model, thereby preserving a connection to the institution and allowing further uses of the buildings by the Diocese.

The Diocese of Paterson, NJ has created a non-sectarian charter organization and has applied through the state of New Jersey to operate two new charter schools in vacant buildings. One charter is focused on dual-language immersion and the other on a vocation-based curriculum that would teach valuable trades. The charters will share management and facilities costs with on-site Catholic schools. The Diocese will still maintain control of the buildings, and in doing so, leverage its assets to maintain ties to the community that needs it.

Conclusion

Education reform enjoys more popular support than it has in many years — and that reality presents a great opportunity for Catholic schools in the United States. While the recent economic crisis has brought many schools to their knees, it has also ushered in more widespread endorsement of practical, data-driven, results-oriented solutions, including ones that might have seemed threatening to the Catholic school community even five years ago.

Embracing the kind of change that is taking place in the education marketplace at-large will be critical to the growth and prosperity of the Catholic school sector. Catholic schools should consider borrowing from the school reform playbook operating like public charter schools, online or virtual schools and adopting excellent academic models, all the while staying focused on their ultimate mission of bringing the truth of Jesus Christ to the hearts and minds of those within their reach.

The success of Catholic schools in the future will be tied directly to the ability of Catholic school leaders to integrate their faith missions with their business skills and experiences to create excellent, well run schools that win in the marketplace. Educational leadership must be centered on the business of the K-12 market and succeeding in it. Times have changed and Catholic schools must change with them — and they must do so quickly; the time for pondering is over. If the dioceses can run outstanding schools, they will survive and — quite likely — keep more Catholics in the faith, return many who have left, and attract others on the strength of the schools and their pursuit of truth and character.

APPENDIX A — Case Study

Rebuilding the Diocese of Paterson Catholic Schools

The Diocese of Paterson is largely white, heavily Catholic and more affluent than most areas of northern New Jersey. Of the approximately 14,000 students who attend diocesan schools, 87 percent are Catholic. Ethnically, 66 percent of the students are white, 21 percent are Hispanic and five percent are African American. The challenge/opportunity exists in the urban area of Passaic County where the population is very ethnically diverse, with 48 percent of the people being non-Hispanic whites, 33 percent Hispanic, 15 percent African American and a fast growing Egyptian Muslim community. While a high percentage of Hispanics are Catholic, Hispanics have not historically attended Catholic schools as frequently as previous generations of Catholic immigrants.

Serving three economically diverse counties in northern New Jersey, the Diocese of Paterson had a budget of \$100 million and ran 50 schools with 14,000 students. Each student cost the Diocese approximately \$7,200 annually to educate, with per student funding of \$6,700, resulting in an annual structural budget deficit of \$7 million. Exacerbating this structural deficit was the reality that charter schools were growing and providing a free education to people who might otherwise be inclined towards Catholic schooling.

(The situation in Paterson was not unlike what we find in many places across America. In the past, many urban families were Catholic, specifically seeking a Catholic education. This is no longer the case. Today's urban families value Catholic and charter school educations for the same reason — as an escape from the crumbling urban public schools. So, when low income parents are given the choice of paying \$5,000+/year in tuition for a Catholic school versus attending a free charter school, parents will more than likely choose not to attend a Catholic school unless the Catholic education can add value commensurate with the tuition.)

Even with an arguably superior product — the Diocese graduated a remarkable 98 percent of its students, matriculating 83 percent to four year colleges and 95 percent of their graduates taking the SAT class and consistently scoring above the state and national averages — the results were not enough to ensure the financial success of the Paterson Catholic schools. So, while the product was good, the market presented significant challenges that needed to be taken head on.

Enter John Eriksen, presently the Superintendent of the Diocese of Paterson, who, when recently asked about complaints that had been registered against his turn around efforts said, "I am young (35), have no background in education, I'm too corporate and not a principal." Considering the success of his leadership, perhaps the complaints should now be a badge of honor.

Eriksen had been working for almost two years for the Diocese of Paterson through the National Leadership Roundtable on Church Management. This organization helps Catholic institutions and organizations better manage their operations through consulting services. After those initial two years, Eriksen was offered the opportunity to lead the Diocese of Paterson's schools and implement the changes he had recommended.

The vision, leadership and communication skills of the too "young," "inexperienced," and "corporate" Eriksen have been stunning. A self-described "change agent," Eriksen helped make the right decisions in personnel, management, oversight and communication that resulted in the Diocese of Paterson being praised as a success rather than one devastated by the closing of its schools. The Diocese of Paterson provides a great example of how a diocese takes stock and plans accordingly.

Eriksen and the diocesan leadership realized that, in order to stay competitive, costs had to be contained and revenue stabilized. They acted boldly to:

- Close nine schools;
- Replace the leaders in 20 schools - principals as well as presidents of school boards;
- Centralize the finances and installed business hubs in each of the three counties being served;
- Install tuition management systems, boards of trustees at each high school; and
- Organize the lower and middle schools to geographically feed into high schools.

Critical to making this dramatic change was the effective communication of the decisions by the diocesan leadership team (including the Bishop, the Superintendent, and the Vicar General). The fact that the Diocese was building-rich, too, made it easier to communicate a “students first” message, arguing that by renting surplus buildings, the Diocese could fund the remaining schools.

Changes in personnel policies had to be very carefully planned and implemented, with both short-term and longer-term/strategic goals in mind. Teaching personnel in New Jersey are predominantly union organized, including (surprisingly!) Catholic school teachers. The first step was to communicate the reinvigorated vision of the diocesan schools. The Diocese established a four-year baseline of compensation that would be available to every retained teacher. Additionally, goals-based compensation was implemented in order to tie performance to pay — but not too aggressively. The leadership decided to establish team-based bonuses in the first two years through a uniform personnel evaluation process. Individual performance bonuses would follow in years three and four.

The leadership made a decision early on to communicate as openly and directly with diocesan school employees, utilizing Google Apps for Education, a free service to nonprofit entities, which allowed them to share objectives directly via email vs. via school leadership as had previously been done and had proved highly unreliable. The chat feature on Google Apps allowed all personnel to directly communicate with the leadership of the diocese and all transcripts are published.

Demonstrating an interest in every aspect of the schools even further, the Superintendent once a month worked at a school for an entire day. He was completely at the behest of the principal of the school and had to perform any task that he was given. This showed a strong desire to know what was going on at the front lines of school operations, thus sending a strong signal to all school personnel that the leadership of the system is working with them and not over them. Further, the experiences shared during this day made the chat feature on Google even more personal and relevant.

Mr. Eriksen acknowledges areas in which they could have handled the transition better. Underestimating the social consequences in merging a Hispanic and an African American was one of those, acknowledging that data was relied on too heavily in making some decisions.

The most significant area of upset — which seriously endangered the successful implementation of the plan — was the consolidation of financial operations. While money means control and the effort to centralize the finances of the diocesan schools did threaten some fiefdoms, far more problematic was simply the fact that decades of site-based financial operations meant dozens of varying (often archaic) systems, each with individual loyalties, had to be merged. Doing so proved to be longer and more difficult than anyone had anticipated.

Market reaction to the changes in the Paterson Diocese has been mostly positive, but there is much yet to do. The curriculum in Paterson Diocesan schools aligns with the State of New Jersey academic

standards but this fact needs to be shared more vocally with parents who are concerned about admittance into college and eager to attract as much scholarship money as they can get. The diocese is busy setting up articulation agreements with private Catholic colleges and universities so that, in lieu of AP classes, students can take classes and receive dual credit, thus reducing the net cost to families. Additionally, the diocese is looking into online classes as a means to supplement their curricular offerings.

Athletics represent a blessing and a curse. Northern New Jersey is blessed to have some of the most successful Catholic athletic programs in the country; Don Bosco Prep (Newark Diocese) and Paterson Catholic (Paterson Diocese) are just two examples. However, parents often confuse the success of an athletic program with the success of a school. Paterson Catholic was ranked in the top five boy's basketball programs in the country this year and still had to announce that it was closing due to high debt and declining enrollment. The leadership of the Paterson Diocese has rightly focused on the financial, academic and spiritual success and growth of its schools while remaining pragmatic about the need to have athletic programs that complement the mission of the diocese.

The diocese has taken some important steps to create strong leaders with "vision and tenacity." In what would be a superintendent in a public school system, the diocese hires chief executive officers (CEOs) to be in charge of the business. This includes external operations and fundraising for the schools. CEOs are compensated and generally have some education experience but their primary skill-set is in business. Principals are educators with management experience; however, they recently mandated that new assistant principals come from different schools. The diocesan attitude in developing leaders at each of these levels is admittedly "aggressive" but they know that strong leaders will lead strong schools in this rapidly changing education market.

One of the exciting developments of the Paterson success is that the leadership of the diocesan schools has seen the situation as an opportunity to implement an innovative business model and target the Passaic County K-12 education market. The Diocese had applied to open two new charter schools, operated under the auspices of a Charter Management Organization (CMO). The schools would be specialized in their education focus. One school would be a dual immersion program in Spanish and the other a vocational high school that would teach valuable work-related skills. While the first goal of diocesan schools is Catholic identity, the Diocese determined that in order to bring their ministry of Jesus Christ to their Diocese they first had to have successful schools.

Like the poorest of the poor in Calcutta, India, the recipients do not care who is feeding and educating them so much as that they are being fed and educated. The diocesan leadership believes that in time the community will come to respect their higher ministry in light of the love of the children displayed at the schools.

APPENDIX B — *Prologue: The Need for Action*

Framing the Issues Facing Catholic Schools Today

Catholic schools are in a state of crisis, facing a daunting array of problems that demand answers. The gradual, 40 year long evaporation of a (minimal cost) teaching force 'of the cloth,' mass middle class parishioner exodus from the inner city to the suburbs, and rising costs of tuition in response to market forces are just a few of the numerous challenges Catholic schools in general, and their urban schools in particular, face today. The Catholic school model has provided an alternative education to American families for nearly a century and a half, and in that time it has proved to be an institution of distinct benefit to our society. Thus, the Center for Education Reform is willing to fight for the future existence of these schools. Past efforts by policy shops place heavy reliance upon new philanthropic monies, increased parishioner contributions, and existing voucher/scholarship-friendly public policies; all of which are important, but miss the fundamental goal — *to make Catholic schools self-sustainable by capitalizing on the uniqueness and strength of their product.*

As the problems plaguing the sustainability of Catholic schools are wide-ranging, so too are the solutions tendered. The problems range in size from entire diocesan school systems to geographical parish markets to a single bishop or priest; this diversity of problems raises highly varied support in *how* to “solve” or “save” Catholic education.

If this were not the case, one or two particular problems would be the driving forces in the threat to Catholic education. This is not to say that there are not some thematic similarities in leadership, finances, marketing and curriculum. These are not unique to Catholic schools as many private, independent schools suffer from the same problems.

Enrollment trends are down, finances are shaky and competition is growing but the real problem is that Catholic schools have lost the brand that they are a quality alternative to public schools or at least worth the personal financial investment of families. This is broad-brush statement, as there are many successful Catholic schools; however, that is becoming more and more the exception to the rule.

So what can CER do to help Catholic schools in the US? A lot actually. There is no one central point of dynamic support for Catholic schools. There are several groups that can help but they are all Catholic in origin. What many, if not all, school leaders will need before they make *any* move to change *anything* in their operations and/or strategic plans is a third party objective resource who can honestly assess certain markets and determine the best course of action.

The factors that go into these decisions, from the stakeholders in the education market to regional Catholic leadership, are frankly too much for many to make without some resource to help guide them in the process. CER could offer a tremendous resource that can quickly and decisively move the decisions into the real pace of the business world such that Catholic schools can reclaim the brand they have lost.

Urban, suburban and rural Catholic education may have their similarities and yet suburban New York City Catholic schools will be very different to suburban Catholic schools in DC. But who can honestly communicate with Catholic school leaders without bias? The dilemmas in *any* diocese are the politics, personalities and potential problems that instantly block decision-making and progress.

Whereas some dioceses should not be in the education business, the reality is that most bishops will not relinquish their schools without good cause. Others might gladly move in that direction. Still other

situations exist like in NYC where the Jesuit brand of education is far superior to Catholic education and the realities of the not so subtle issues there must be dealt with delicately. Or, in the case of the bishop of Brooklyn/Queens, there is a far more aggressive leader willing to try partnering with the city of New York to create a new charter school. One thing is certain; there is a vibrant market to help the over 190 Catholic dioceses in America develop excellent schools once again. There are plenty of companies, donors, and service providers who have a vested stake in a thriving Catholic education market.

But let's get to first things first. The first decision that must be made is the decision not to "solve" or "save" Catholic education in the US, but rather to FIGHT for it. It is not overstating the fact that there must be a visceral connection to the battle that must be waged in order to actually "solve" or "save" Catholic education. This cannot be merely a good idea with some positive outcomes if concrete progress is to be made.

This level of gut check by every bishop and every diocese must be felt deeply and committed to for a long period of time and the flocks must follow willingly into this battle. Make no mistake it is a battle. Catholics are divided right now in just about every manner conceivable. The one area that can galvanize a parish is not some distant well-intended mission in a Third World country where, sadly, really bad things are in fact happening. So many Catholics want to connect to their heritage and their faith but they cannot relate daily to a battle in a land to which they are not connected. Education is a cornerstone to the Catholic way of life – right in their backyard – and thus can galvanize parishioners to boldly utilize their faith in a direct way.

There are almost 70 million Catholics in the United States. Many of them want to take up a worthy cause right here at home that affirms them on a daily basis. Catholic education binds all of them. Whether they were in CCD, had nuns as teachers or long to have their children or grandchildren in a "good Catholic" school, they want to help.

The same is also true for the leadership within the Church in the US, but there is no definitive source that can help with every unique situation presented to them. CER is capable of being such a source.

The Center for Education Reform is committed to providing solutions that can best elevate Catholic schools from their state of withering enrollment and economic floundering to a state where the "societal capital" that the Catholic education system offers is sought after far and wide by a growing religious and non-religious market, with emphasis upon their distinctive product — moral and academic excellence. This product is, again, unique to Catholic schools. To emphasize the brand strength of these schools, some have used positive descriptors such as "catholicity," and others, in a more sociological lens, talk of their remarkable "organizational culture." However you cut it, Catholic schools provide important, proven education services that, despite the confluence of factors threatening their future, are worthy of rethinking how to fight for and make sustainable.

APPENDIX C — *Saving Catholic Schools Blueprint At-A-Glance*

1) Emphasis on non-traditional strategies/tactics towards greater efficiency and new means of securing cash flow:

- Centralization of finances.
- Marketing pre-K Catholic daycare use, where necessary, these funds to subsidize costly secondary grades.
- Integration of a CSMO to oversee the business of Catholic schools and push the 'catholic' brand.
- Leverage rich building assets for cash flow — contract out buildings to complimentary education entities.
- Install tuition management systems.
- Contractual management of Catholic schools by outside entities with proven track record.
- Identify means by which schools can be freed from the contingency of parish funding.
- Incorporate development talent with sliding scale grants to a) amplify financial support and b) cover development costs.
- Invest in business and development training to ensure savvy of Catholic leadership.

2) Emphasis on free/comparatively cheap services:

- Utilization of online schooling technologies, cutting overhead for brick and mortar/teachers considerably.
- Use of free technologies (Google) for more effective communication across organization/school districts.
- Invite Catholic universities to partner with Catholic elementary and secondary school districts and replicate the ACE (Alliance for Catholic Education) program on an exponential scale.

3) Emphasis on the need to do what is tough:

- Replace leadership where necessary, transition from parochial to lay operations management that handles everything except money and religion.
- If conversion to charter or independent is requisite, maintain control of building and content, lease out.
- Go independent — build *strong* brand.

APPENDIX D — *Participants*
(not including long-time advisors, reviewers)

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