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Financial Models in Catholic Education

Richard Kruska

Loyola Marymount University, rkruska@msn.com

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LOYOLA MARYMOUNT UNIVERSITY

Financial Models in Catholic Education

by

Richard Kruska

A dissertation presented to the Faculty of the School of Education,

Loyola Marymount University,

in partial satisfaction of the requirements for the degree

Doctor of Education

2008

Financial Models in Catholic Education

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by


Richard Kruska

Loyola Marymount University
School of Education
Los Angeles, CA 90045


This dissertation written by Richard Kruska, under the direction of the Dissertation Committee, is approved and accepted by all committee members, in partial fulfillment of requirements for the degree of Doctor of Education.

September 22, 2008
Date

Dissertation Committee


Shane P. Martin, Ph.D., Committee Chair


Franca Dell'Olio, Ed.D.


Mary K. McCullough, Ph.D.

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DEDICATION

This dissertation is dedicated to my mom, Norma Jean, who wished for me to become a doctor. Though I have not become the type of doctor to which she referred many years ago, I know she is filled with pride as she looks down on her son, the Doctor of Education, from her position in heaven.

I also want to dedicate this dissertation to my family—Cathy, my wife; CJ, my son; and Jennifer, my daughter. Without their love and encouragement, this work would not have happened.

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VITA

RICHARD E. KRUSKA
910-688-7031
Email: rkruska@msn.com

EDUCATION

Doctorate, Educational Leadership for Social Justice: May 2008
Loyola Marymount University, Los Angeles

Masters, Business Administration: June 2002
Southern Methodist University Executive MBA Program, Dallas

Bachelor of Arts, Psychology: June 1992
California State University, Northridge

ADMINISTRATION EXPERIENCE

Diocese of Oakland: Oakland, California
2007-Present Superintendent of Catholic Schools

St. Bernard High School: Playa del Rey, California
2006-2007 Principal

St. Mark School (K-8): Venice, California
2004-2006 Principal

PROFESSIONAL TEACHING EXPERIENCE

St. John Bosco High School: Bellflower, California
2003-2004 Teacher: Science (Physical Science, Ecology), Physical Education,
Head Sophomore Football Coach

St. Monica School: Dallas, Texas
2002-2003 Athletic Director, Physical Education/Health Department Head,
Football Coach. Named "Teacher of the Year."
2001-2002 Middle School Science Teacher: Physical and Life Sciences

William S. Hart High School District: Santa Clarita, California
1987 Canyon High School
Full-time Summer School Teacher: Introductory Physical Science (IPS)
1986-1987 Canyon High School
Long-term Substitute Teacher (fall semester): Life and Physical Science
1986-1987 Canyon High School
Long-term Substitute Teacher (spring semester): Physical Education
1985-1986 All Schools
General Substitute Teacher

ABSTRACT

Financial Models in Catholic Education

by

Richard Kruska

Catholic education is at a crossroads in the United States, as rising tuition costs present significant challenges to many families' financial resources. At the very least, affording a Catholic education calls for a reprioritization of expenses. However, in many cases, high tuition costs leave parents with no recourse but to remove their children from Catholic schools. As costs and tuition climb, only those with significant financial resources will be able to attend Catholic schools. Hence, maintaining the foundational mission of Catholic education, namely to provide access to education for the poor and oppressed, threatens to become impossible due to the inadequate revenue from tuition-dependant financial models used by Catholic school administrations. Thus, Catholic schools need a critical rethinking of their financial model in order to make Catholic education accessible to all.

In order to address the financial crisis in Catholic education, it is first important to understand the various forces that influence the funding of Catholic schools. This study addresses this need by asking the question: "What are the current financial models of

Catholic education?” Based on a review of the current literature, and including data from a survey of current Catholic diocesan superintendents, this study defines the current financial models used in contemporary Catholic schools in the U.S. by asking the following questions: What are the parameters or conditions of the model? Who are the beneficiaries of the model? What is the social goal or purpose of the model? What is the strength of the model? What are the weaknesses of the model?

Through a summary of the survey findings, recommendations begin to emerge that are presented in the following three categories: (a) a need for a purposeful, strategic, comprehensive intentionality in the application of the various financial models available, (b) a need to reframe the leadership model for financing Catholic schools, and (c) a need to review and update the current decentralized model in Catholic education.

CHAPTER I: BACKGROUND OF STUDY

In recent years, there has been much concern and discussion regarding the decline in enrollment in Catholic elementary and secondary schools across the United States (Baker & Riordan, 1998; Bryk, Lee, & Holland, 1993; Youniss & Convey, 2000). Much of this discussion has centered on the financial conditions of Catholic education (Harris, 2000), conditions that seem to have an adverse effect on enrollment in Catholic schools, and, as such, are the subject of this study. Drawing upon existing literature on Catholic school finance and data from a survey of superintendents of the dioceses in the United States, this study asks the question, “What are the current financial models of Catholic education?” It also defines current financial models, compares and contrasts these models, and concludes with a discussion of their strengths and weaknesses in order to explore the potential of these models in forwarding the mission of Catholic education.

In order to contextualize the current financial condition of Catholic education, this study begins with a review of historical aspects of the Catholic Church, including governance and financial structures; it also includes a brief summary of the history of Catholic education in the U.S. The original mission of Catholic education, the impact of the Third Plenary Council in Baltimore in 1880, and important aspects of the Second Vatican Council (Vatican II) held from 1960-1965 are also discussed in order to provide a more detailed historical background. From this historical focus, the discussion moves into greater detail about the current situation of Catholic elementary and secondary schools in the U.S. This section attends to the issues of declining enrollment, rising operational costs, the decentralized governance model, and social justice aspects of

Catholic education in the U.S., including equity and access for all students wanting to attend Catholic schools.

Purpose of the Study

According to data from a study commissioned by the National Catholic Educational Association (NCEA) and conducted by the Center for the Applied Research in the Apostolate (CARA, 2006), and data in *Catholic Schools at the Crossroads* by Youniss and Convey (2000), Catholic school enrollment has declined by 50% since 1965. This decline is the result of many factors, including demographic shifts, a drop in Mass attendance, and historical changes in the Catholic Church. But the most influential factor contributing to this dramatic shift in enrollment has to do with the affordability of Catholic education. Indeed, 76% of responding Catholics (CARA, 2006) reported that “they are unable to afford the tuition” of Catholic schools, causing researchers Baker and Riordan (1998) to assert that Catholic schools are moving toward “elite institutions of private schools” (p. 17) that prevent many poor and middle-class families from accessing Catholic education. Given the social justice implications of this “elite institution” perception, the purpose of this study was to gain an understanding of possible solutions to this economic crisis that is diverting Catholic education from its original mission to serve all families regardless of economic circumstances.

Statement of the Problem

A Historical Snapshot

In 1560, Catholic settlers in Florida's southern regions formed the first Catholic schools in the United States—schools that quickly spread north into the colonies. The first colonial Catholic schools were independent institutions that attempted to teach the colonists to read, write, and count (Kealey & Kealey, 2003). In the early 19th century, while public school systems were being organized under the auspices of the Protestant church, elite private institutions were simultaneously being developed for wealthy European American boys and seminaries were founded for those choosing religious life. Hence, Catholics did not deliberately set out to create a separate education system, rather they were forced to create schools in reaction to a Protestant-controlled public school system that was often hostile toward Catholic children (Bryk et al. 1993). As public schools developed revenue models based on taxes, Catholic schools depended on donations from wealthy Catholics, subsidies from the Catholic Church or local parish, and financing by specific religious orders. For very brief periods of time in Catholic school history, local Catholic schools received state government vouchers based on the number of children in attendance. This practice was repealed in the 1800s, resulting in a 200-year battle in which the Catholic school system fought to regain government monies for non-religious instructional activities.

Present Day Issues

Many financial issues surfaced as a result of the response to the restructuring that took place through Vatican II, the ecumenical council designated by Pope John XXIII in 1959. Harris (1996) has offered an overview of these historical shifts by pointing out that up until this point, and into the 1960s and 1970s, Catholic schools required small sums of money to be paid by families as tuition. Because tuition was low, many Catholic families were able to place their children in Catholic schools. After Vatican II, the many religious sisters, brothers, and priests who left their vowed religious lives, not to mention the decrease of those interested in religious life, created a shortage of religious faculty members to teach in the schools. Consequently, lay teachers and administrators were hired at salaries that exceeded two and three times the salaries or stipends given to religious faculty. At the same time, parish sources of funding were eliminated as the cost of maintaining a church and its accompanying assets grew. The cost of operating a Catholic elementary school in 1980 (in constant dollars) was \$184,372; in 1993, the costs nearly tripled to \$547,838. This equates to a 197% increase, and the costs continue to climb (Harris, 1996).

In 1993, the average tuition cost for a Catholic high school student was \$3,320, whereas, by 2004, the tuition cost had increased by 77% to \$5,888 (Urbancic, 2004). The Church has granted diocesan and parish subsidies to some of the more financially limited schools, but recently the subsidies have been removed because of high operating cost, a decrease in Church attendance, and the consequent lack of Church support. With costs climbing and alternate revenue sources declining, the burden of tuition on the family

household income has grown 50% from 1980 to 1993. Therefore, the cost burden of tuition (2.3% to 3.6% of family income) is rising faster than the increase in family income (Harris, 1996).

Since tuition costs are rising at a rate in excess of inflation (McDonald, 2005; U.S. Bureau of Labor Statistics, 2005), tuition continues to diminish a family's spending opportunities. This financial drain forces a reprioritization of family expenses, which in turn leads many parents to remove their children from Catholic schools. Maintaining the original mission of Catholic education, to educate the poor and oppressed, becomes an impossible task due to the inadequate revenue from the tuition-dependent financial model (Baker & Riordan, 1998). Thus, Catholic schools need a critical re-thinking of their financial models in order to make Catholic education accessible to all.

Research Question

The question that this study answered was, "What are the current financial models of Catholic education?" By reviewing the literature on Catholic school finances, and through a survey of current Catholic diocesan superintendents, this study defined current financial models by asking the following questions (adapted from Dulles, 1978/2002):

1. What are the parameters or conditions of the model?
2. Who are the beneficiaries of the model?
3. What is the social goal or purpose of the model?
4. What are the strengths of the model?
5. What are the weaknesses of the model?

Theoretical Framework

One of the primary objectives of this study is to name and describe the various financial models currently operating within Catholic K-12 schools within the United States. In doing so, researchers may better analyze these models' effectiveness in carrying out the mission of Catholic education. The following discussion focuses on models and paradigms as tools of evaluation and social change, and includes the work of theorists Thomas Kuhn, Avery Dulles, Lee Bolman, Terence Deal, and Peter Senge.

In his seminal work, *The Structure of Scientific Revolutions*, Thomas Kuhn advocated the use of models of events as methodology for facilitating discussion of natural happenings and their effects on science. In the text, Kuhn suggested that through the *naming* of current processes or problems, a common language could be established that facilitates the pursuit of alternate solutions. He also posited that this naming of models or paradigms does not always necessarily lead to solutions, but may engender more questions:

The successful puzzle-solution, now a paradigm puzzle-solution, will not solve all problems. Indeed, it will probably raise new puzzles. For example, the theories it employs may involve a constant whose value is not known with precision; the paradigm puzzle-solution may employ approximations that could be improved; it may suggest other puzzles of the same kind; it may suggest new areas for investigation. (Kuhn, 1962/1996, p. 35)

According to Kuhn (1962/1996), paradigms help scientific communities to unite and give consistent meaning to their discipline, in that they help the scientist or researcher to:

1. Create avenues of inquiry.
2. Formulate questions.
3. Select methods with which to examine questions.
4. Define areas of relevance.
5. Establish and create meaning.

Kuhn's work influenced thinking outside of science as well. In 1978, Avery Dulles adapted Kuhn's premise on models to analyze aspects of the Catholic Church. In his book *Models of the Church*, he described the models' usefulness:

They [models] are realities having sufficient functional correspondence with the object under study so that they provide conceptual tools and vocabulary; they hold together facts that would otherwise seem unrelated, and suggest consequences that may substantially be verified by experiment. (Dulles, 1978/2002, p. 15)

In addition, Dulles used three questions to define and evaluate the various models of the Catholic Church:

1. What are the parameters of the model? What are the specific details, the formation process, and/or the socioeconomic focus?
2. Who are the beneficiaries of the model? Who are the stakeholders?

3. What is the social goal or purpose of the model? Does the model impact the inner city, equity, evangelization, or develop citizenry?

These questions have enabled Dulles to evaluate the current financial models within Catholic education, which he categorizes as *explanatory* and *exploratory*. The explanatory model “seeks to synthesize what we already know or at least are inclined to believe” (Dulles, 1978/2002, p. 17). The exploratory model, on the other hand, tends to lead to new insights and encourages creative thinking. This study employed the explanatory model and addressed possible exploratory models.

In the book *Reframing Organizations* (1997), Bolman and Deal discussed the concept of models in terms of *framing*. Framing corresponds to Dulles’ concept of the explanatory model, while *reframing* correlates to the exploratory model. Bolman and Deal mainly focused on reframing or exploratory models and their impact on an organization. Bolman and Deal (1997) stated that, “multi-frame thinking requires movement beyond narrow mechanical thinking” (p. 16), an idea that addresses the complexity of reframing within an organization and the systemic impact on various aspects of the organization.

Bolman and Deal’s thinking is echoed in Peter Senge’s studies of learning organizations. *The Fifth Discipline* (1990) and *Schools That Learn* (Senge et al, 2000), presented the concept of *systems thinking* as it relates to organizational learning. In *The Fifth Discipline*, Senge described “systems archetypes” as “certain patterns of structure [that] recur again and again” (1990, p. 94). He stated that, “systems archetypes reveal an

elegant simplicity underlying the complexity of management issues” (p. 94). In *Schools that Learn*, Senge et al. emphasized the benefit of making use of mental models:

Working with mental models can help you more clearly and honestly define current reality. Since most mental models in education are often ‘undiscussable’ and hidden from view, one of the critical acts for a learning school is to develop the capability to talk safely and productively about dangerous and discomfiting subjects. (p. 7)

In a discussion about the models of Catholic education, Senge explained that well-defined mental models would allow for the participants to hold open and efficient discussions.

Based on the work of Kuhn, Dulles, Bolman, Deal, and Senge et al., this study of the financial models of Catholic education named the models in an effort to learn about and migrate toward more economically feasible models. This study utilized funding sources as a means to define characteristics of the various models. The evaluation process incorporated Dulles’ evaluative criteria mentioned above and added additional criteria, listed below:

1. What are the parameters of the model? What are the specific details, the formation process, and/or the socioeconomic focus?
2. Who are the beneficiaries of the model? Who are the stakeholders?

3. What is the social goal or purpose of the model? Does the model support or impact inner-city education, equity and access to education, evangelization, or develop citizenry?
4. What are the strengths and weaknesses of the model?

Significance of the Study

Catholic schools play an important role in the education of youth, especially as they contribute to the common good in inner-city communities. Yet, based on a preliminary review of the research, including Baker and Riordan (1998), Bryk et al. (1993), and Youniss and Convey (2000), there is much speculation as to whether the predominant model of tuition-based income is sustainable, especially within inner-city communities.

In 2005, the United States Conference of Catholic Bishops (USCCB) recognized the significance of Catholic schools in the U.S. The USCCB presented a document entitled, *Renewing our Commitment to Catholic Elementary and Secondary Schools in the Third Millennium*, in which the bishops established four goals:

1. Catholic schools will continue to provide Gospel-based education of the highest quality.
2. Catholic schools will be available, accessible, and affordable.
3. The bishops will launch initiatives in both private and public sectors to ensure financial assistance for parents, the primary educators of their children, so they can better exercise their right to choose the best school for their children.

4. Catholic schools will be staffed by highly qualified administrators and teachers who would receive just wages and benefits, as expressed in our pastoral letter. (USCCB, 2005, p. 2)

While it is clear that these goals seek to realign Catholic education with its original mission, the decentralized governance model of the Catholic Church and Catholic schools, one that moves the responsibility and authority of the vast majority of all operational aspects to the site level, limits the realization of these goals.

According to the papal document delivered by Pope John Paul II in 1999, *Ecclesia in America*, “it is essential that every possible effort be made to ensure that Catholic schools, despite financial difficulties, continue to provide a Catholic education to the poor and the marginalized in society” (p. 44). As the findings presented in this study will show, in order for the Catholic Church to live up to the educational mission presented by the Pope and the U.S. Bishops, alternative financial models need to be implemented.

Limitations

This study examined the social justice impact of the tuition-based model, but it did not delve deeply into the social justice aspect of the various other models. However, it does offer a discussion of the variety of models that may lead to a more socially-just financial environment for Catholic education.

Undoubtedly, with the variety of new financial models being installed in dioceses around the country, there will be a need for future discussion regarding the leadership

traits needed within the schools and dioceses in order to maintain such a diverse financial environment. This study did not address future leadership skills or styles.

As the various models are defined, one of the greatest challenges that will face Catholic education is the decentralized governance model of the Catholic Church and school system. Even if an effective new model or models become the de-facto standard for a just, sustainable financial system, the implementation process will be difficult due to a lack of direct accountability.

Delimitations

This study offers a listing and description of the current financial models within Catholic education in the United States, as reported by the diocesan superintendents. This study is limited to a discussion regarding Catholic education financial models in the United States. The data come from school superintendents of Catholic dioceses in the United States and is based on self-reporting.

Organization of the Study

The study consisted of a literature review of the financial models of Catholic education and a survey of Catholic diocesan superintendents on the various financial models within their jurisdiction. Data are presented in figures and are supplemented by discussions surrounding the viability of the financial models and their impact on social justice.

CHAPTER II: REVIEW OF LITERATURE

Introduction

Vatican II

Any examination of the present day financial models of Catholic education must first consider its mission. A brief overview of key historic events in the life of the Church provides a helpful context for understanding this mission.

On January 25, 1959, Pope John XXIII announced his intention to call an ecumenical council. At this time, the Catholic Church was thriving, but from the Pope's perspective, there were issues that needed to be addressed. The 17 cardinals present at the Pope's announcement were stunned. One commentator noted at the Pope's announcement, "Why couldn't he leave well enough alone?" (Rausch, 1982). The cardinals who were part of the Roman Curia, the ruling body of the Catholic Church within the Vatican, were nervous about the influence of the more progressive, liberal bishops who would be in attendance. Many members of the Curia were concerned that this council would make their work dispensable. This ecumenical council became known as the Second Vatican Council or Vatican II.

The 2,500 bishops of Vatican II met in four formal sessions on the floor of the Basilica of St. Peter, but the real work was done informally at social gatherings, in hallways, and at restaurants. Initially, the participants were all men, but when one of the bishops noticed this situation, 22 women were included as auditors. The main points of

discussion centered on the revelations, the liturgy, ecumenism, religious freedom, non-Christian religions, and the church in the modern world (Rausch, 1982).

In *Catholicism in the Third Millennium*, Rausch (1982) discussed the way that the critical dialogue of Vatican II centered on the autocratic governance style of the Church. As a perspective of the Church as the “people of God” (p. 25) began to take hold, the long-standing hierarchical structure was criticized. Discussions and documents of revelations and liturgy focused on clarifying that Christian life comes from the Gospels, thus pushing for a greater participation in the liturgy. Mass in the native language instead of Latin was introduced. Additionally, bishops advocated for and secured the belief that all human beings have the right to religious freedom and worship. In a discussion regarding non-Christian religions, it was declared that the Church would respect other religions, contrary to previous practice, that did not position Jesus Christ as Lord and Savior. Rausch (1982) explains that one of the most dominant shifts in the Church’s perspective as a result of Vatican II was the emphasis on the care for the poor and other socially conscious movements such as peace, economic justice, and feminist theology. Bishops from the United States, Latin America, Africa, and Asia led these efforts.

Vatican II and the documents that came from the Council had a major impact on Catholic education in the United States. One of the greatest issues was the reversal of the statements of the Third Plenary Council in 1884, which stated that each parish is required to have a parochial school and that all parents are required to place their children in that school. Vatican II and subsequent documents from the United States bishops removed that edict. *Ecumenism* was also a key point discussed at Vatican II and in the recent

history of Catholic education. Ecumenism is defined as a movement promoting unity between different Christian churches and groups (Encarta, 2007). The documents produced from Vatican II also allowed for new freedom in the interaction of Catholics and those of other religions. This meant that parents were able to place their children in schools that were not Catholic, and Catholic schools could enroll non-Catholics. As discussed by Bryk et al. (1993) and Buetow (1985), this shift led to a major migration of Catholic children to their local public schools, thereby affecting the financial stability of Catholic education in the United States.

Subsidiarity and Stewardship

One widely used concept in the organizational structure of Catholic education is that of *subsidiarity*. Subsidiarity is defined as “a principle of the Catholic Church that calls for decisions generally to be made at the lowest appropriate level” (Dwyer, 2003, p. 19). This concept is part of the Code of Canon Law, the official body of laws within the Roman Catholic Church. It is a document that systemically arranges the laws of the Church. Canon Law was introduced by Pope Pius X in 1931 and later revised in 1983 by Pope John Paul II (Dwyer, 2003).

Subsidiarity pushes decision making to the lowest level of governance within the environment of Catholic education, so that pastors in parish schools who have little or no formal training as educators are the primary decision makers and all others are consultative in nature. The implications of this governance model are significant because over 90% of Catholic schools are parish schools (Gray & Gautier, 2006).

In addition to the potential complications of the subsidiarity model, the function of *stewardship* in parishes also presents issues. Stewardship, in a Christian context, refers to the responsibility that Christians have in wisely using and maintaining the gifts bestowed unto them by God. Consequently, it is expected that families will contribute monies to the parish that will use these funds to fully or partially support the affiliated parish school. For the average Catholic parish, household contributions are the primary source of revenue (Harris & Gautier, 2002). Yet, Catholic giving compared to non-Catholic giving varies greatly. Researchers Harris and Gautier pointed out that, “in general, Catholic parishes tend to be eight times the size of typical Protestant congregations in 1998 and yet raise only 2.7 times as much total revenue” (p. 48).

Some parishes fully-fund their parish schools through stewardship programs (James, in press). One 1985 study estimated that one-third of the parishes in the Diocese of Syracuse had stewardship programs in place that offset the cost of operating their parish elementary school (McLaughlin, 1985). However, parish contributions to Catholic schools are diminishing (Harris & Gautier, 2002). While stewardship has found support in some dioceses, it has not served as a major contributor to financing Catholic schools.

Demographics of Catholic Schools

The Catholic Church runs the largest network of private schools in the United States. Almost 2.5 million students are enrolled in its 2,403 elementary schools and 1,203 high schools. In addition, in 2003 3,612,510 elementary school students and 771,730 high school students received religious instruction outside of Catholic schools. Consider the

following statistics from McDonald and Schultz (2008) and the NCEA (2006) about enrollment in Catholic schools over the past 30 years:

1. Out of 2,403 Catholic elementary schools, over 35% had waiting lists for admission for the 2005-2006 academic year.
2. 13.5% of students at Catholic schools in 2006, or 313,590 children, are non-Catholic (see Figure 1).
3. Minority enrollment in Catholic schools for 2006 was 656,991, or 27% of total enrollment (see Figure 2).
4. 99% of Catholic secondary school students graduate, and 97% go on to post-secondary education.
5. Most Catholic schools are now co-ed. One-percent of all Catholic elementary schools and 33.1% of secondary schools are single gender.
6. Based on the average public school per pupil cost of \$8,019, Catholic elementary and secondary schools provide an almost \$19.4 billion-dollars-a-year savings for U.S. taxpayers.
7. Nearly 87% of elementary schools provide some form of tuition assistance.

Figure 1. School Enrollment by Type of School, 2001-2003 (NCEA, 2006)

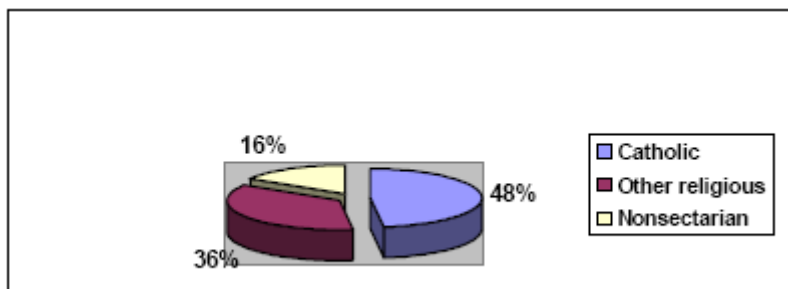
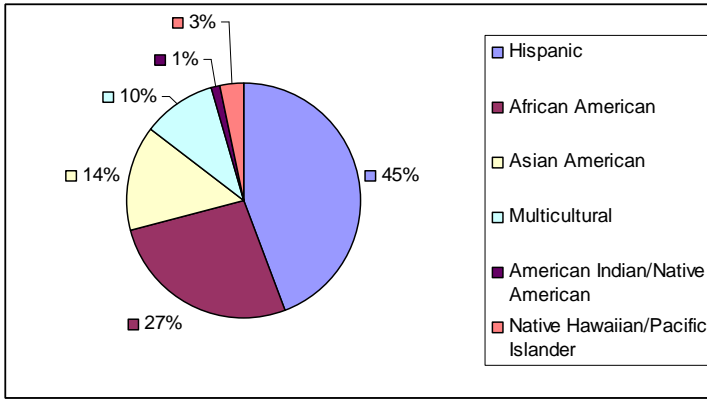


Figure 2. Minority Enrollment in Catholic Elementary and Secondary Schools, 2005-2006 (NCEA, 2006)



Catholic School Finances

Pupil Tuition and School Expenses

According to the NCEA (2006), the estimated per pupil cost for a student in a Catholic elementary school in 2004 and 2005 was \$3,998. The total cost of running elementary schools was \$7.57 billion. For Catholic secondary schools, the estimated per pupil cost for 2004 and 2005 was \$7,200, and the total cost of running them was \$3.98 billion. These estimates were prepared using historical cost increase patterns; therefore, the estimates have since increased. An estimated 61% of total elementary school costs are covered by tuition. The average per pupil tuition in elementary schools is \$2,607, approximately 62% of actual costs per pupil (\$4,268 currently). Ninety-one percent of elementary schools and 97% of secondary schools provide some form of tuition assistance. During the 2004-2005 school year, 85% of Catholic elementary schools received a parish subsidy. On average, Catholic elementary schools received 22% of their

budget from parish subsidy. This transfer of cash from the parish to the parish-school likely amounted to approximately \$1.3 billion for the year 2000, and an estimated \$1.44 billion for 2002. While 51.5% of Catholic elementary schools have an endowment program, 100% of Catholic schools hold various types of fundraisers (NCEA, 2006).

Faculty Salary Considerations

In 2003 and 2004, the total, full-time equivalent teaching staff in Catholic elementary, middle, and secondary schools was 162,337. The average salary for Catholic elementary school lay teachers with at least a bachelor's degree was \$30,204 for 2004-2005 (McDonald, 2005). With the decline in enrollment in Catholic schools across the United States, it is essential to examine the relationship between faculty salary, tuition costs, and declines in enrollment.

Family Economic Data

Information from the United States Bureau of Labor Statistics (2007) stated that the average family income rose 31.5% from the year 2000 to 2005, in 2005 dollars. The mean family income in 2001 was \$58,960, but only if the top 20% of the wealthiest families is excluded. When wealthier families are included in the average, the lowest 80% of families have a mean income of \$51,135.

The U.S. Department of Education's National Center for Educational Statistics (1997) reported that from 1991 to 1995, public school enrollment rose 12% while education costs rose 23.3%. In a similar time frame, as reported by McDonald (2005) through the National Catholic Education Association, Catholic school enrollment

decreased by 9.7% and Catholic school operating costs rose by 48.9%. During this time period, tuition in Catholic elementary schools rose 26.5% and there was an increase of 43.5% in Catholic high school tuition. In 2005, the actual cost to educate a child in Catholic schools was \$3,998 in elementary schools and \$7,200 in high schools (McDonald, 2005). The mean per pupil cost in Catholic high schools in 1994 was \$4,120 (Tracy, 2001); in 2004, the cost rose by 74.8% to \$7,200 (McDonald, 2005).

In recent years, family incomes have increased by 31.5%, causing an approximate 26.5% increase in elementary tuition costs and a 43.5% increase in high school tuition costs for a single child (NCES, 1997). Because of decreasing enrollment and the relatively minimal tuition increases, many Catholic elementary schools have closed (McDonald, 2005).

Data compiled and presented by the National Center for Educational Statistics (1997) stated there will be an increase in K-12 public school student enrollment of 4% from 2002 to 2013. This set of data also showed that there will be a 6.2% increase of students enrolled in private schools. This seems to reflect an increase in Catholic school attendance; however, the market share of Catholic school students is decreasing, while the non-sectarian schools are gaining enrollment, see Figure 3 (Broughman & Swaim, 2006).

Figure 3. Percentage of Private School Students in Types of Private Schools
(Broughman & Swaim, 2006)

% of Private School Students in Types of Private Schools			
Type of School	1991	2001	2003
Catholic	53.0	47.1	46.2
Nonsectarian	14.8	16.9	18.0
Conservative Christian	12.0	15.4	15.1
Baptist	5.8	5.9	5.3
Lutheran	4.4	4.1	4.0
Jewish	3.4	3.7	3.9
Episcopal	1.8	1.9	1.9
Adventist	1.5	1.1	1.1
Calvinist	0.9	0.7	0.8
Friends	0.3	0.4	0.4

Government Education Policies

There have been many attempts by private school organizations to receive a portion of education funds budgeted by state and federal governments. The primary focus of these efforts has been *tax credits* and *vouchers*. In the 19th century, the government did subsidize private education, but by the end of the century the state of New York was the last state to remove support of private schools (Bryk et al., 1993). The primary organizations that have led the efforts on both sides of this discussion are the National Education Association (NEA) and the Council for American Private Education (CAPE).

The perspective of the NEA is that vouchers will take money away from public schools. The NEA has been a leader in the opposition of vouchers, claiming that vouchers “divert attention, energy, and resources from efforts to reduce class size, enhance teacher quality, and provide every student with books, computers, and safe and orderly schools”

(NEA, 2006, ¶ 2). The NEA believes that vouchers tend to be a means of circumventing the Constitutional prohibitions against subsidizing religious practice and instruction.

The organization representing private schools, CAPE, refers to the voucher program as *school choice*. One initiative developed by CAPE is the education savings account (ESA). In 2001, Congress approved and President Bush signed the measure for tax relief to help with the costs of a child's education in a private, including religious, elementary or secondary school. Although the relief is relatively modest, essentially amounting to tax-free interest on savings earmarked for education, the historical significance is unmistakable. As stated by CAPE, “another brick has been removed from the wall that separates parents from the freedom to choose their children's schools” (CAPE, 2006).

School choice initiatives championed by CAPE have taken various forms, including government vouchers and tax credits and deductions for parents, as well as tax credits and deductions for corporate or individual contributors to programs that award scholarships. In 2005, CAPE suggested the following general principles as guidelines for the way that school choice initiatives should work:

1. Funds relating to school choice should flow through parents rather than directly to schools.
2. School choice initiatives should not in any way infringe upon the existing right of private schools to control the hiring of staff.
3. School choice programs should safeguard the right of private schools to control the instructional program and curriculum, and should not add

restrictions or regulations in this regard beyond what may already exist in state law.

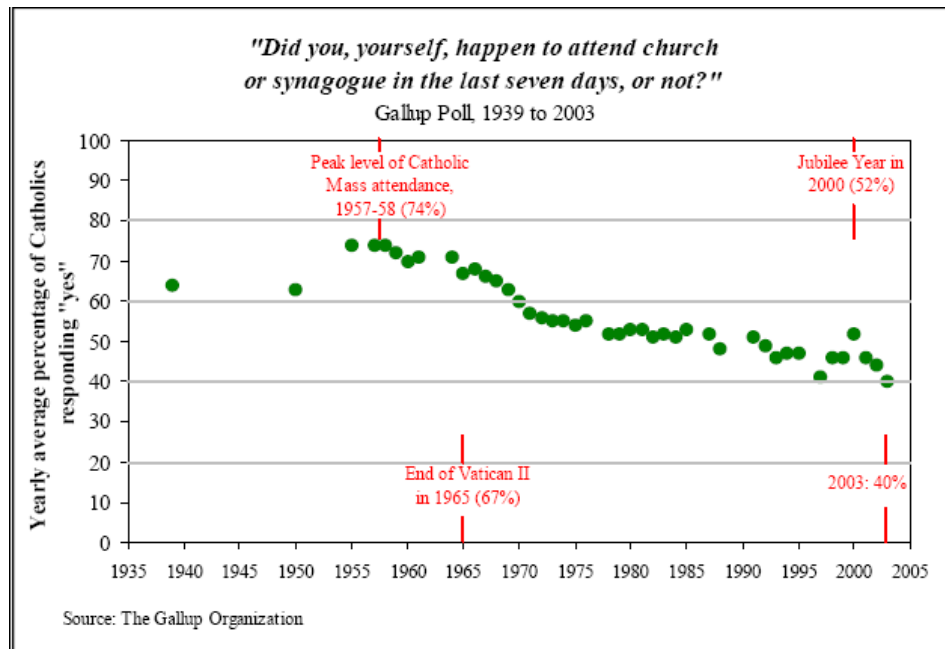
4. School choice programs should allow schools to retain their admission policies.
5. Test scores should never be allowed to become a sole or dominant indicator of achievement or failure.
6. Benefits to families should be substantial enough to allow families to select from a variety of schools.
7. Benefits should vary with family financial need to ensure that families with the greatest need receive the greatest benefit.
8. Families with children already in private schools should be eligible for benefits.
9. Participating schools should comply with federal, state, and local requirements that currently apply to private schools, including those relating to civil rights, nondiscrimination, background checks for employees, and student health and safety. However, choice legislation should not give rise to additional regulation of private schools.

These guidelines were approved by CAPE's Board of Directors in March 2006.

Catholic Church Data

A decline in attendance at Mass may also be a component of the declining enrollment in Catholic schools. The data since Vatican II show a decline in Mass attendance similar to the decline in enrollment in Catholic schools (see Figure 4)

Figure 4. Church Attendance from 1939-2003 (CARA, 2005)



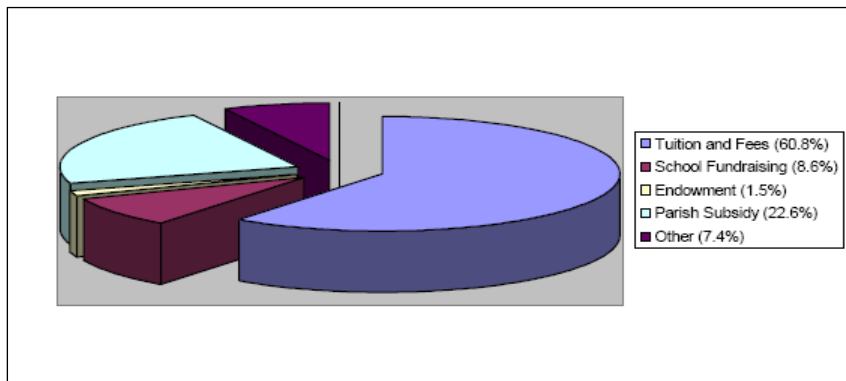
In addition, the average Sunday collection contribution in 1991 was 0.7% of the mean Catholic family income. The Protestant contribution was more than double the Catholic contribution (Bryk et al., 1993). If Catholics were to double their Sunday contributions, there would be no need for tuition in Catholic schools (Haney & O'Keefe, 1999).

Traditional Catholic Models of School Finance

A Primer on Educational Governance in the Catholic Church (NCEA, 1987) identified four basic school governance models: the single parish school, the inter-parochial school, the diocesan school, and the private school. In addition to these four basic structures are the finance models that attempt to keep Catholic education affordable. These include cost-based tuition, negotiated tuition, stewardship, and a hybrid

model (James, in press). Figure 4 presents statistics from USCCB (2006) and shows various financial models in Catholic elementary schools in 2005. The totals presented are comprised of tuition and fees (60.8%), parish subsidy (22.6%), school fundraising (8.6%), endowment (1.5%), and other models (7.4%).

Figure 5. Average Percentage of Elementary School Revenue from Various Sources (USCCB, 2006)



Tuition-Focused

Four types of tuition-focused finance models are included in this category: *tuition-based, parish school, negotiated tuition-sliding scale, and cost-based tuition.*

A tuition-based school depends on students' tuition payment to cover 80% to 90% of the costs in running the school, usually equating to payroll costs. Annual fundraisers at the school cover the additional operating costs (McDonald, 2005).

Seventy-seven percent of all Catholic elementary schools are parish schools (McDonald, 2005). In this model, the pastor of the parish serves as the ultimate canonical authority over both the church and the school. The pastor typically delegates daily operation responsibilities to a principal, and a finance council and school board

composed of lay people from the parish serve as advisors to the pastor. The traditional method of financing used in 85% of Catholic elementary schools involves a block grant from the parish to the school for use in the general operation of the school, or in the underwriting of deficits generated by the school (Gelo & Meitler, 2003). However, this assistance from the parish typically accounts for less than 25% of the school's income. The bulk of the school's income (a little more than 60%) comes from tuition and fees (Bimonte, 2004).

Tuition based on a family's need is the basis for the negotiated tuition model. This model, also known as a sliding-scale model, has tuition based on a negotiation between the student's parents and the principal, pastor, or committee rather than a third-party provider (James, in press).

The last form of tuition-based financing is the cost-based tuition model. In this case, the parish subsidy is given directly to families with a demonstrated need. A third-party provider recommends the tuition aid amounts in order to ensure confidentiality for the families. Since the school loses the parish subsidy, it gradually moves tuition toward the actual cost to educate a child in the school over a period of several years. To determine the cost to educate a child, the school's operational expenses are divided by the enrollment (James, in press).

Consolidated

Two types of consolidated finance models are in this category: *consortium* and *inter-parochial school*.

A consortium of schools is when a diocese chooses to form a common governance model to administer schools that might be in financial trouble. This model is usually employed in elementary schools in the inner-city. Consolidating the governance structure reduces costs and maximizes the efficiency of development efforts. The Archdiocese of Washington has had this model in place since 1997. The Archdiocese of Washington's consortium unites 14 inner-city schools under a common academic and administrative model (personal communication).

The inter-parochial elementary school is a school jointly sponsored by two or more parishes. One pastor is appointed for the general oversight of the school; however, each pastor either has a seat on the school board or serves as an ex-officio member of the board. A lay principal or president, working with a lay board of directors elected from the various parishes, runs the day-to-day operations of the school. James explained:

“the board typically has authority in the areas of policy development, budget development, long-term strategic planning, and provides input into the evaluation of the chief administrator. The board is therefore more than advisory, and holds limited jurisdiction in the areas stipulated in its Constitution and By-Laws that must be approved by the bishop. Typically the individual parishes continue to provide financial support for the school.” (in press)

Diocesan-Supported

A diocesan-supported school is not sponsored by an individual parish, but by the diocese under the bishop through the diocesan superintendent. As McDonald explains, “these schools typically come about as a proactive response by individual parishes and a

systems-approach on the part of the diocese. Approximately 5.1% of Catholic elementary schools in the United States are diocesan schools” (McDonald, 2005, p. 297).

Parishioner-Supported

The parishioner-supported school is also known as the stewardship model. In this case, the parish assumes the entire cost of educating each student who seeks enrollment in the school. Encouraging families to give sacrificially through the Sunday collection (a tax-deductible donation) accomplishes this goal. Prior to implementing tuition as a way to finance Catholic schools, the stewardship model was utilized most often, as it is essentially a parish block grant covering 100% of school expenses. This model has shown resurgence in some parishes and in at least one diocese (James, in press).

Entrepreneurial Models of School Finance

Business-Supported

The Christo Rey network of schools asks students to work in the community, thereby assuring that the compensation the student earns goes toward tuition. Verbum Dei High School in Los Angeles, California illustrates an example of this model.

Following is a brief description from their website:

Verbum Dei’s Corporate Work Study Program (CWSP) provides students with real world job experiences and allows them to earn a portion of the cost of their education. It is an integral part of their educational experience at Verbum Dei High School...this is not a vocational training program, but rather a new and better method to help our students pay for a college preparatory school education AND receive real world experience that translates to access to opportunity. In return,

the students forward their salaries to VDHS Work Study, Inc., a non-profit public benefit corporation that will in turn offset the majority of the \$8,800 in actual educational costs. (Verbum Dei, 2006)

Foundation-Supported

Three types of foundation-supported finance models constitute this category: *nativity*, *endowment-funded*, and *business group*.

Nativity schools are located in the inner city and enroll students from low-income families. These schools have low or free tuition, as they are funded primarily from gifts and grants. These particular schools generally begin in the middle-school years (fifth to eighth grade) and have small enrollments with a high degree of individualized attention. The schools are typically single-sex (James, in press).

An endowment-funded school is one whose operating costs are supported by a sole contributor who makes a large donation. An example of an endowed school is Regis High School in New York, who, in 1912, was endowed with the resources to ensure tuition-free education (Regis High School, 2006).

Lastly, many Catholic business owners form groups or foundations for the purpose of developing an endowment program for specific inner-city schools; this is known as the business group model. As the endowment grows, the earnings are first used to supplement the costs and then to meet the operating cost of the schools involved. An example of this model can be found in the Diocese of Dallas, known as “The Next Generation” program.

Government-Subsidized Models of School Finance

Two types of government-subsidized finance models comprise this category: vouchers and tax credits.

A voucher is a scholarship or financial aid program funded by the government that partially pays for private school tuition or other educational costs. Six states and the District of Columbia have voucher programs. Most programs require that a student is of a lower economic status (e.g., Cleveland and Milwaukee programs) or attend a failing school (e.g., Florida program) to be eligible to receive a voucher. Vouchers pay from \$2,700 (in Cleveland, Ohio) to \$7,500 (in Washington, D.C.). In 2003, 31,455 students participated in three such programs (Kirkpatrick, 1999).

There are other programs similar to voucher programs. Minnesota and Illinois have tax-credit programs, ranging from \$500 to \$1,000; Arizona has state-sponsored "Student Tuition Organizations;" and Vermont and Maine have voucher programs limited to students who live in sparsely populated areas (Kirkpatrick, 1999).

House and Senate Republican leaders introduced legislation (S. 3682/H.R. 5822) that aimed to implement President Bush's private school voucher proposal. Under the proposal, "America's Opportunity Scholarship Program," funds would be available beginning in the 2007-08 school year for students in schools that have failed to make adequate yearly progress under the No Child Left Behind Act for six or more years. Parents could choose to use funds either to cover tuition and other expenses at private or religious schools or to pay for additional supplemental tutoring services. The program

would provide \$4,000 per student for private or religious school expenses, or \$3,000 per student for supplemental services (Kirkpatrick, 1999).

Summary

Because Catholic schools provide quality educational opportunities to students, it is essential, and socially just, for the Catholic population within the United States to keep Catholic schools a viable option for all families wishing to attend. This chapter has presented background information in order to contextualize the current demographics and various models of Catholic school finance in use today. In doing so, it has highlighted many of the shortcomings that are responsible for preventing Catholic education from fulfilling its mission.

The 2005 USCCB document, *Renewing our Commitment*, listed four primary objectives for Catholic education:

1. To strengthen Catholic identity.
2. To attract and form talented teachers.
3. To ensure academic excellence.
4. To finance Catholic schools so they are accessible for all families.

In response to these objectives, Nuzzi and Hunt (2008) of the Notre Dame task force on Catholic Education prescribed 12 recommendations on how to best achieve the bishops' goals. Of these 12 recommendations, 3 of Nuzzi and Hunt's points pertained directly to the financial structure or financial performance of Catholic schools:

1. The development of a new generation of Catholic school teachers and administrators.

2. Access public funds and other financial resources for Catholic schools.
3. Rethinking “managerial opportunities” through revisiting economies of scale and new governance models within Catholic education. (p. 281-292)

The Nuzzi and Hunt (2008) study also discussed the need to review the current governance structure in Catholic education, which is driven by Canon Law and may no longer be the most efficient manner to operate the Catholic educational system. Prior to this study, in November of 2007, California’s Governor’s Committee on Educational Excellence published its findings that emphasized the significance of strengthening school leadership, effective use of data, fair funding, and a review of the governance model of public education. It is interesting to see how closely these studies related to each other, in spite of the different educational communities they represented. The concepts of quality leadership and efficient governance, along with the distribution of financial resources, spanned both studies. Because the source of funding for public schools and Catholic schools come from different revenue streams, there were obvious variances in the solutions to the problems posed by the studies; however, both studies suggested the need for a more thorough grasp of the financial structure of their respective systems.

CHAPTER III: RESEARCH DESIGN AND METHOD

Introduction

In recent years, there has been much concern and discussion regarding the decline in enrollment in Catholic elementary and secondary schools across the United States (Baker & Riordan, 1998; Bryk, Lee, & Holland, 1993; Youniss & Convey, 2000). Much of this discussion has centered on the financial conditions of Catholic education (Harris, 2000), conditions that seem to have an adverse effect on enrollment in Catholic schools, and, as such, are the subject of this study. Drawing upon existing literature on Catholic school finance and data from a survey of superintendents of the dioceses in the United States, this study defines, compares, and contrasts current financial models of Catholic education, and concludes with a discussion of their strengths and weaknesses.

Restatement of the Research Question

The question that this study answered was, “What are the current financial models of Catholic education?” By reviewing the literature on Catholic school finances, and through a survey of current Catholic diocesan superintendents, this study defined current financial models by asking the following questions (adapted from Dulles, 1978/2002):

1. What are the parameters or conditions of the model?
2. Who are the beneficiaries of the model?
3. What is the social goal or purpose of the model?
4. What are the strengths of the model?
5. What are the weaknesses of the model?

Research Design

This study was descriptive, quantitative, and non-experimental. Data were accumulated from a survey of diocesan superintendents within the United States (n = 56). Because no existing survey directly determined various financial models currently in use, a new survey tool was created based on the literature review and the NCEA demographic categories, such as *position title*, *geographic categories*, and *size of diocese* (number of students). A matrix (appendix A) was created to map survey questions to Dulles' (1978/2002) model definitions.

Reliability and Validity

A panel of experts reviewed and suggested modifications that were included in the survey. The review committee consisted of:

1. John T. James, Ph.D., University of St Louis.
2. Tim Dwyer, Associate Director of Chief Administrators of Catholic Education (CACE), NCEA.
3. Kristin R Anguiano, Ph.D., currently an assistant professor at Loyola Marymount University in the School of Education, teaching assessment and research methodology.

Each panelist received an email asking him or her to review the survey instrument and to recommend whether or not any of the questions should be revised or eliminated. If the panelists recommended a revision, they were asked to suggest alternate wording. For a survey item to be eliminated, at least two panelists must have made the same recommendation. Some of the recommendations involved clear and concise wording of

the survey. All recommended revisions were made accordingly, and the final survey instrument was a result of this validation process.

Additionally, the survey, while still in a draft form but reflecting changes recommended by the panel experts, was administered to a field group consisting of doctoral program cohort members at Loyola Marymount University. A brief explanation of the study was shared with participants prior to the survey administration. When all participants completed the survey, they were asked to provide general comments on issues such as clarity, length, and flow of the survey, and any other feedback to improve it.

Methodology

In this descriptive, quantitative study, a survey consisting of 31 questions was used. The first 15 survey questions sought to establish demographic data. The remaining questions focused on financial data, governance data, and social justice implications. Respondents were asked to select all appropriate possibilities and/or to offer written feedback in the spaces provided.

Participants

The survey on financial models of Catholic education was posted to a web-based survey tool (Survey Monkey), and the link was emailed to 105 superintendents within the dioceses of the United States who are members of CACE. The National Catholic Educational Association's CACE organization emailed invitations to the superintendents requesting them to fill out the survey. This distribution list was used for follow-up

reminders two weeks apart from the initial posting day. The survey was on line for 12 weeks.

The response rate of this selected population of Diocesan Superintendents was 53%. According to Rea and Parker (2005), this exceeds the minimum sample size for selected small populations. Rea and Parker state that a sample size of 50% is required for accuracy. The largest response was from the New England region, which is consistent with NCEA (Hunt, Joseph, and Nuzzi, 2004) data in terms of the volume of dioceses in the region.

Role of the Researcher

This researcher collected and analyzed data in the form of electronic surveys, which was followed up by a phone interview with superintendents for the purpose of clarification. Upon completion of data analysis, the researcher reported the findings to participants in the form of a published doctoral dissertation.

Data Collection

Data were captured using the Survey Monkey web application and were accumulated over a 12-week period of time with four reminder emails sent to potential respondents. Data were then imported into a spreadsheet application for the frequency calculations.

Data Analysis

Data were analyzed by descriptive statistical measures, specifically measures of central tendency including arithmetic mean (average), median, and mode. Frequency distributions were also utilized.

Responses from follow-up and open-ended questions were analyzed by basic pattern analysis and linked to the survey data. This information was used to formulate and support discussion topics in Chapter 5 of this manuscript. The three primary patterns that occurred were:

1. A need for a purposeful, strategic, comprehensive intent in the application of the various financial models available.
2. A need to reframe the leadership model.
3. A need to review the current decentralized governance model.

Ethical Issues

This study complied with all federal and professional standards for conducting research with human participants. This study was under the exempt category of Loyola Marymount University Institutional Review Board (Loyola Marymount University,

2007). Each participant signed an informed consent form. Surveys were stored separately from signed informed consent forms to maintain anonymity. A formal application for IRB approval was submitted to Birute Anne Vileisis, Ph.D., Interim Chair, Institutional Review Board. Upon review of that application, the IRB determined that this study meets the federal requirements for exemption and approved the proposed research protocol. The approved protocol number assigned to this study is LMU-IRB 2007—F57.

Assumptions

It was assumed that those responding to the survey instrument did so conscientiously and to the best of their knowledge. It was assumed that the most knowledgeable individual at the diocesan Catholic school office completed the survey. It was assumed that the new survey instrument used in this study was reliable and valid.

CHAPTER IV: FINDINGS

Introduction

Creating a listing of the current financial models was the intent of this study. The data collected also provided possible future directions for administrators in adopting and implementing more appropriate financial models in Catholic education. Additionally, data helped to establish the resources and environment needed in order to sustain these models.

The data affirmed the seven previously defined models used within the current financial environment in Catholic education in the United States. These models are:

1. Tuition-focused.
2. Consolidated—consortium or inter-parochial.
3. Diocesan-supported.
4. Parish-supported—stewardship.
5. Business-supported—Christo Rey, etc.
6. Foundation-supported.
7. Government-subsidized.

The most substantial data collected was that expressed by the superintendents regarding the needed resources and the optimal environment for implementing the various financial models within their dioceses.

After the data was reviewed and compared to the literature review, the following primary needs were established:

1. A need for a purposeful, strategic, comprehensive intent in the application of the various financial models.
2. A need to reframe the leadership model.
3. A need to review the current decentralized governance model.

This data and the needs presented are consistent with the Nuzzi and Hunt (2008) study in reference to Catholic education and the Governor’s Committee on Education Excellence (2007) for public education.

Summary of Findings

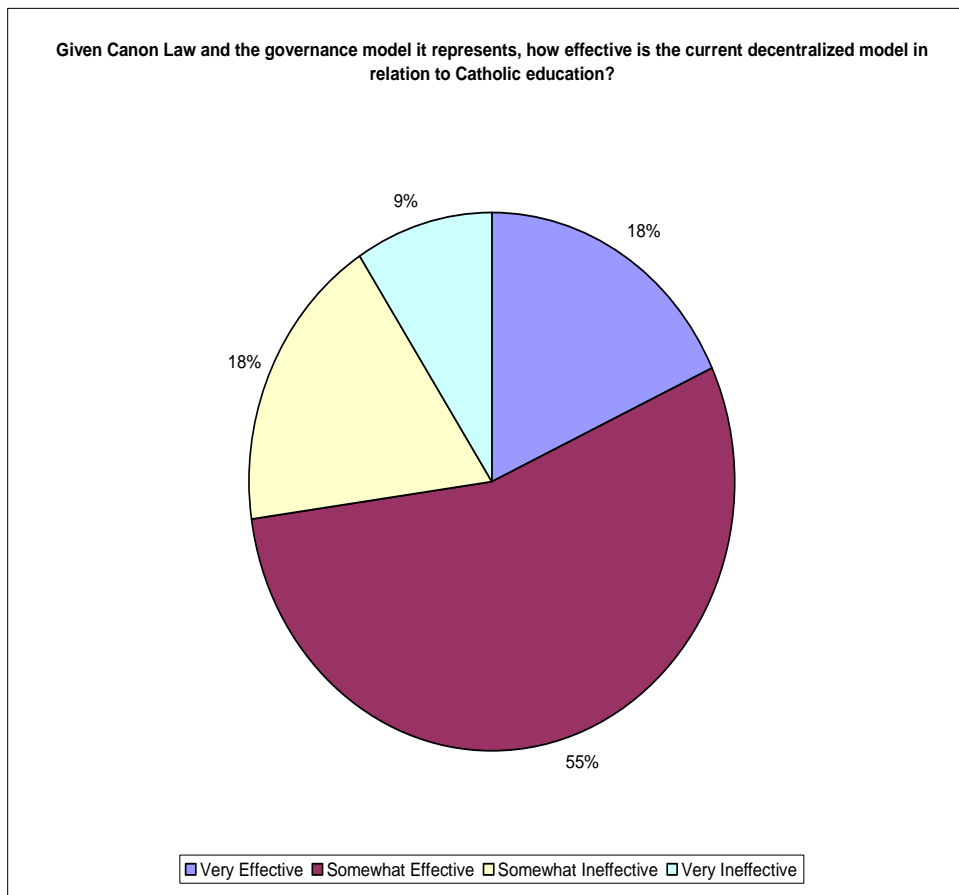
Quantitative Question Findings

The quantitative findings can be summarized into these main points as categorized by Dulles’ questions:

What are the parameters or conditions of the models?

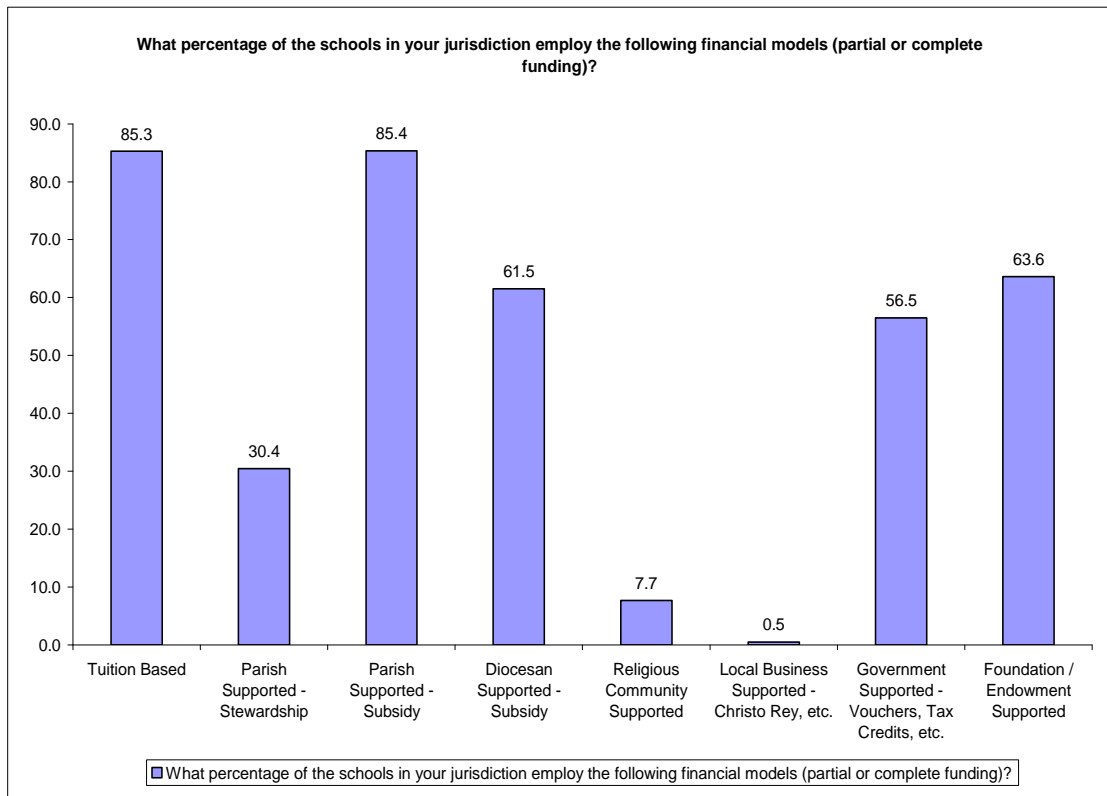
Respondents stated that the current decentralized governance model is only 18% effective in terms of managing and developing Catholic education (see Figure 6). This leads to the assertion that the current model needs to be revisited. Canon Law defines the current governance model as subsidiarity—decisions are generally made at the lowest appropriate level (Dwyer, 2003). Subsidiarity decision-making occurs at the school and parish level, and does not take into consideration the needs of the greater Catholic school system. The following figures presented in this section are a graphic representation of the data from the survey that was sent to the diocesan superintendents.

Figure 6. Responses Regarding the Decentralized Model's Effectiveness



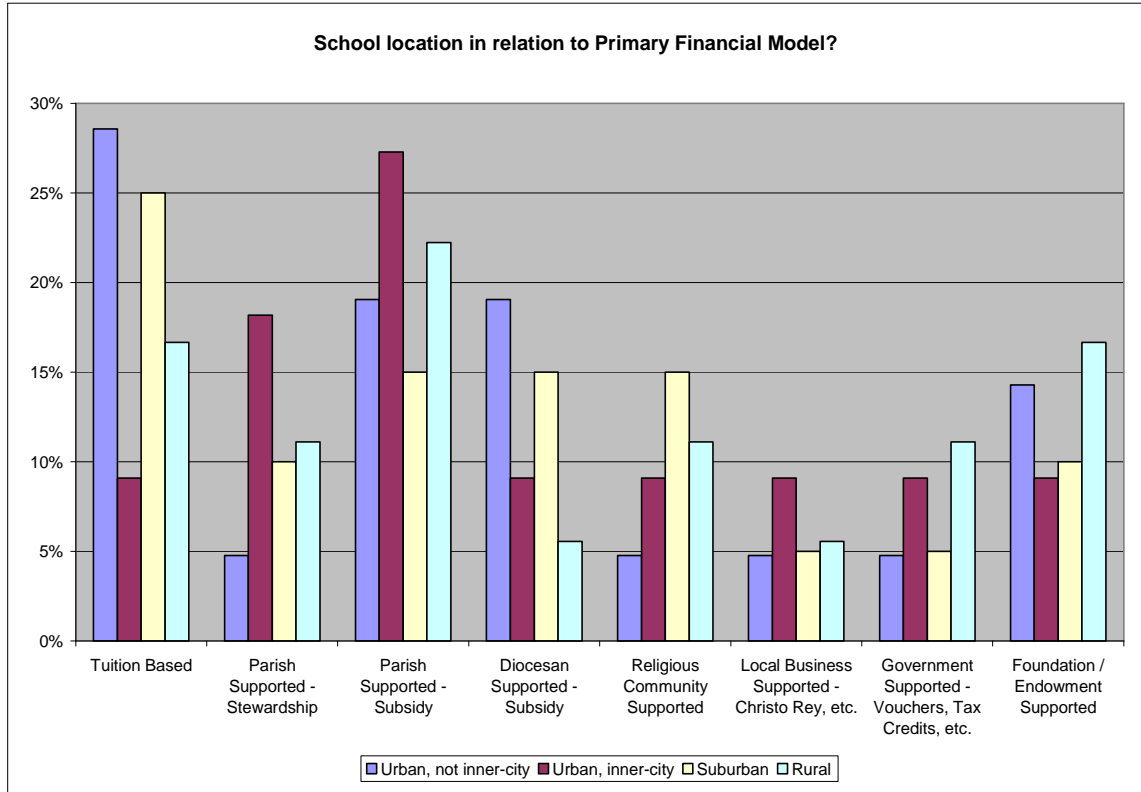
Currently, dioceses use a variety of financial models—the tuition-based model has the greatest frequency. Eighty-five percent of the schools use a partial or complete tuition-based financial model (see Figure 7). A lack of purposeful intent in regards to a financial plan is apparent. Dioceses seem to be responding in a manner that is reactive without purposeful intent involving revenue opportunities

Figure 7. Current Financial Models



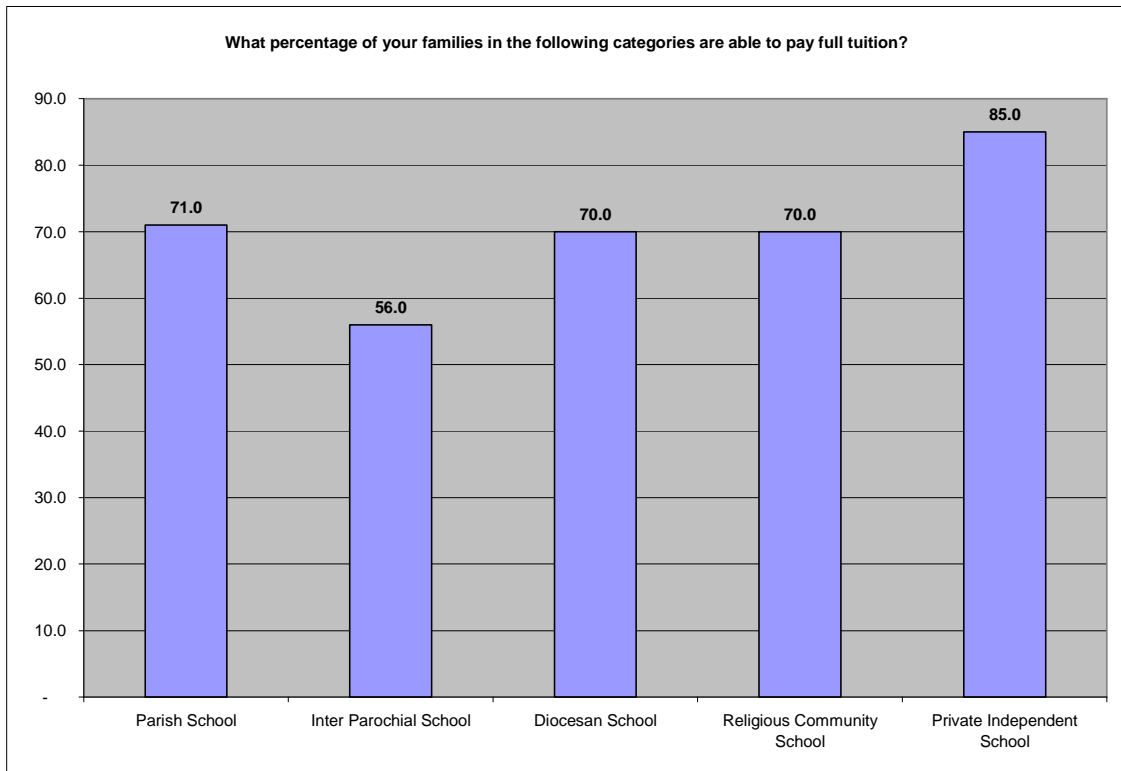
The urban, inner-cities have the highest frequency of parish-supported schools (see Figure 8), and it can be inferred that these parishes have the lowest probability of success in their support.

Figure 8. School Location and Primary Financial Model



On average, private independent schools have the greatest percentage of students paying full tuition. The lowest is inter-parochial schools at 56% (see Figure 9). This is generally due to the socioeconomic base that attends private, independent schools and their ability to pay full tuition. The greatest need appears to be in the inter-parochial schools that cater to a lower economic base with fewer resources and a greater inability to pay full tuition.

Figure 9. Percentage of Families Paying Full Tuition



Parent revenue contribution ranges from 65% (inter-parochial) to 70% (private independent). Foundations support the religious community schools with the highest frequency at 19%. Seventeen percent of parish schools receive a parish or diocesan subsidy (see Figures 10-12).

It is likely that religious community schools receive the highest level of support from foundations because they have development departments within their school administrations or religious communities that work to secure the funding. This is a sharp contrast to many inter-parochial schools for which development is merely one of the job duties of the principal.

Figure 10. Parent-paid Tuition Applied Toward Revenue

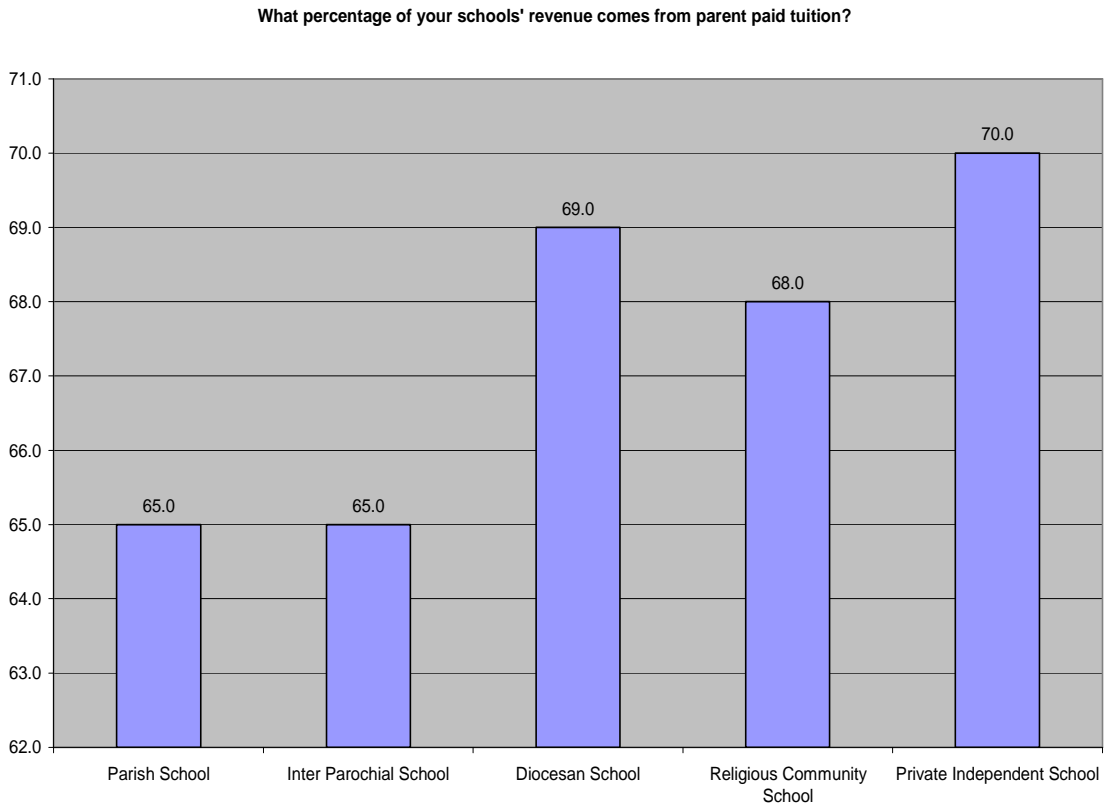


Figure 11. Foundation-paid Tuition Applied Toward Revenue

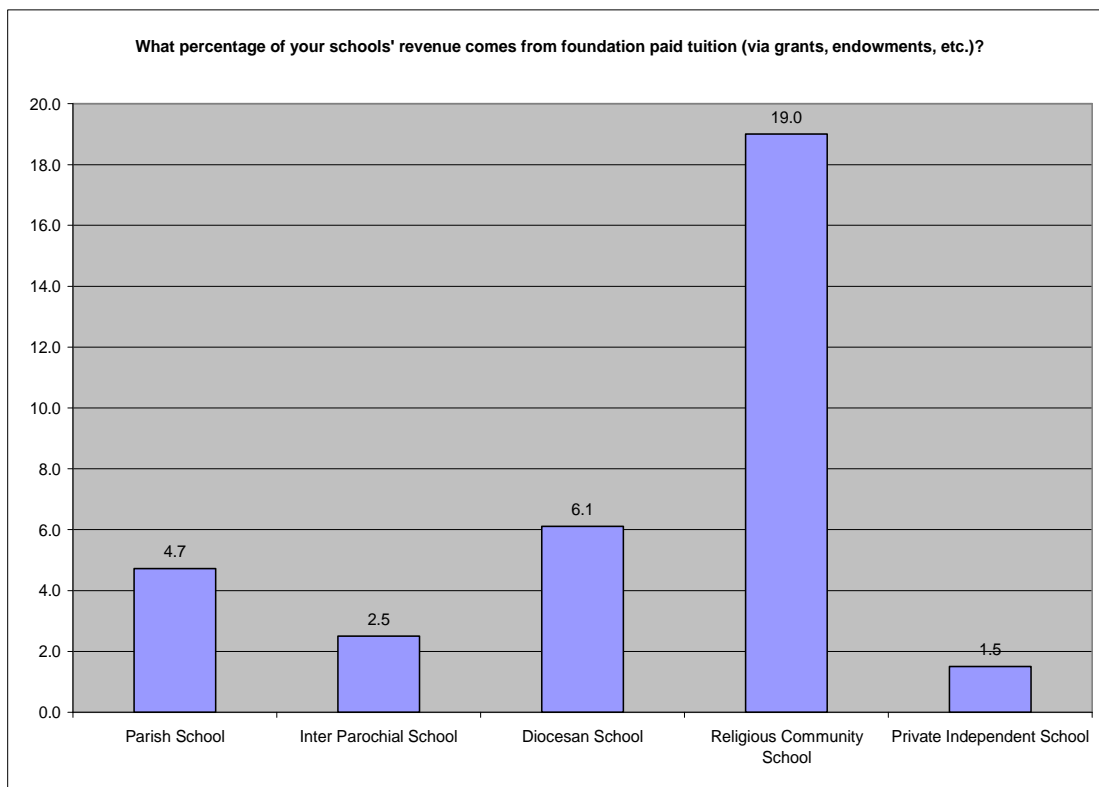
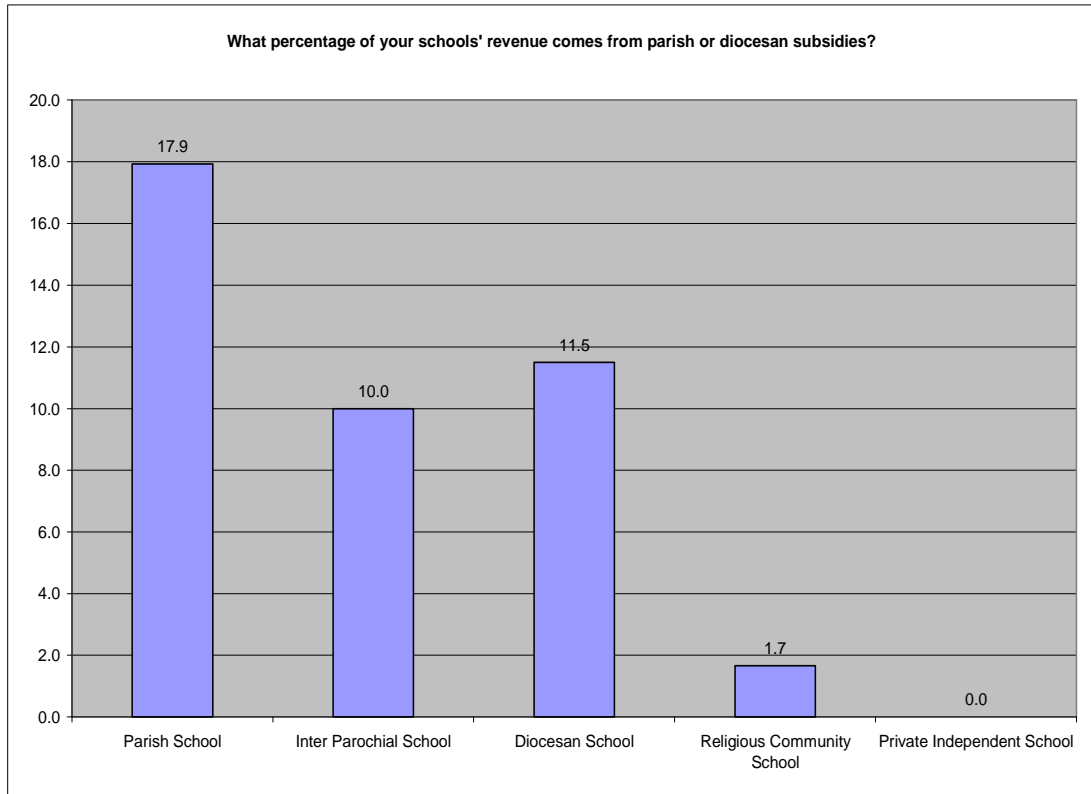


Figure 12. Parish or Diocesan Subsidies Applied Toward Revenue



Parish schools have the highest number of endowments at 93%, with the greatest frequency of schools having \$100,000 or less in their endowment and 70% having less than \$200,000. Only 10% have endowments in excess of \$1,000,000 (see Figures 13 and 14). Forty-three percent of the schools have endowments of \$100,000 or less while only 29% have endowments in excess of \$200,000.

In the parish school environment, the governance structure of Catholic education places the financial responsibility of creating endowment programs at the school level. In the parish school environment, the governance structure in Catholic education places the financial responsibility of creating endowment programs at the school level. Parishes tend to be responsive to the suggestion of creating the endowment

program, but since their funds are more limited than the religious community schools their balances appear to be smaller. This may lead to a greater quantity of endowment accounts with balances significantly lower than the other financial models. In the religious community, the endowment may reside with the community, which generally has dedicated development teams that focus on the creation and maintenance of endowment accounts for their group of schools. These schools have access to the funds, but they do not manage the endowment.

Figure 13. Percentage of School Endowments

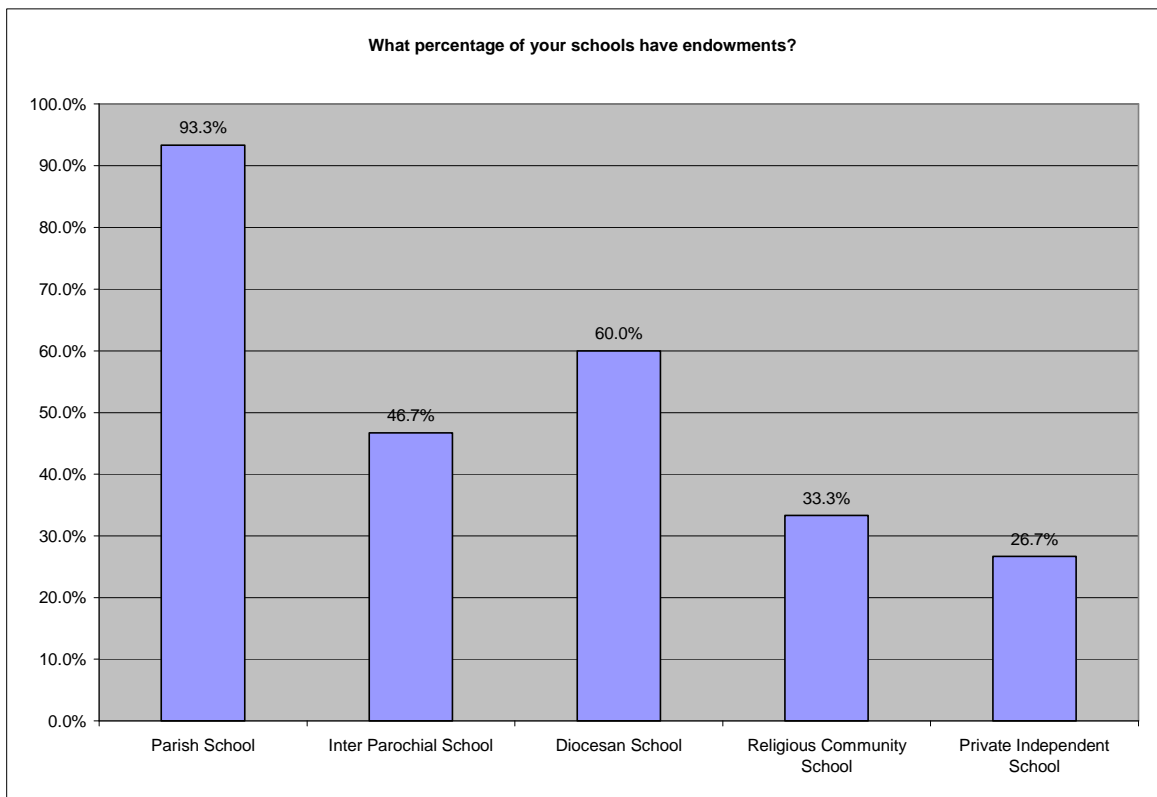
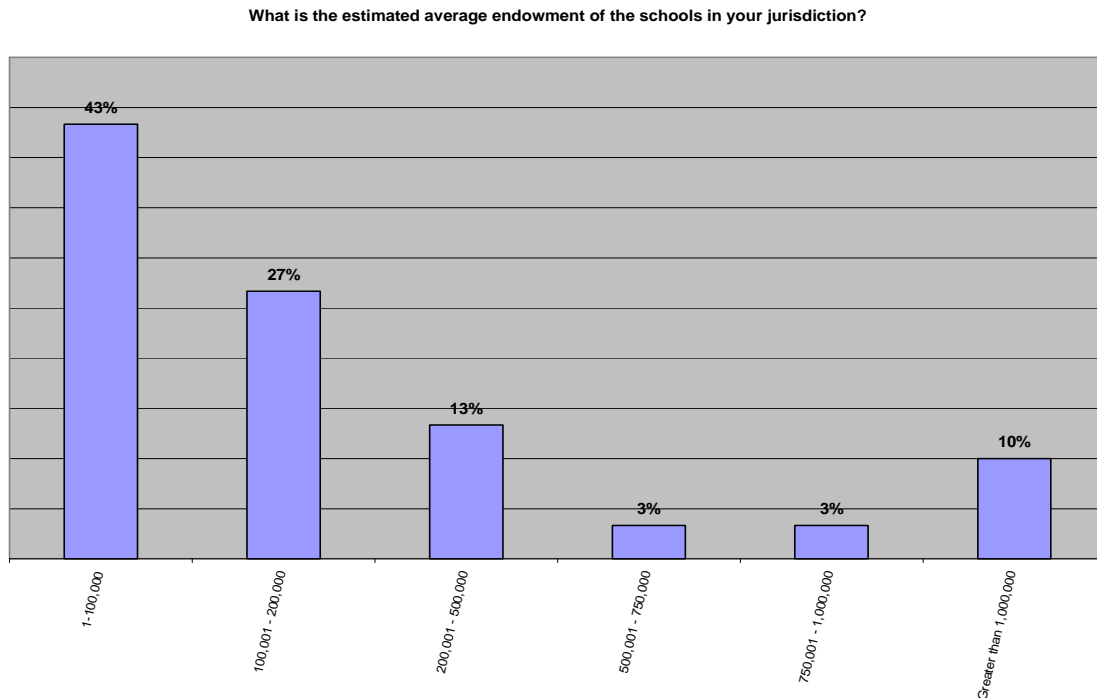


Figure 14. Estimated Average School Endowments



In addition to these findings, 67% of the respondents “strongly agree” that new leadership models are needed in Catholic education, and 82% either “somewhat disagree” or “strongly disagree” that the current decentralized governance models are responsive to school-based financial issues (see Figures 15 and 16).

Indeed, these data point to the prevalence of the belief that a different governance structure might better serve Catholic education in the 21st century. Therefore, the notion of *optimal centralization* should be reviewed. This concept refers to the centralizing of certain functions (finance, accounting, human resources, institutional advancement, etc.) in order to take advantage of economies of scale, revenue production, and cost reductions while still respecting the tradition of subsidiarity within Canon Law.

One such governance model is that used by charter school organizational structures. Many multi-site charter school organizations have adapted aspects from the site-based management concept (subsidiarity) and the highly centralized governance model of large public school districts in order to develop a governance model that is optimal for their needs. In the same way, it may be time for Catholic education to reconsider its current governance model, including a focus on the necessary leadership skill set to fulfill the model's requirements.

Figure 15. Responses Regarding Need for New Leadership Models

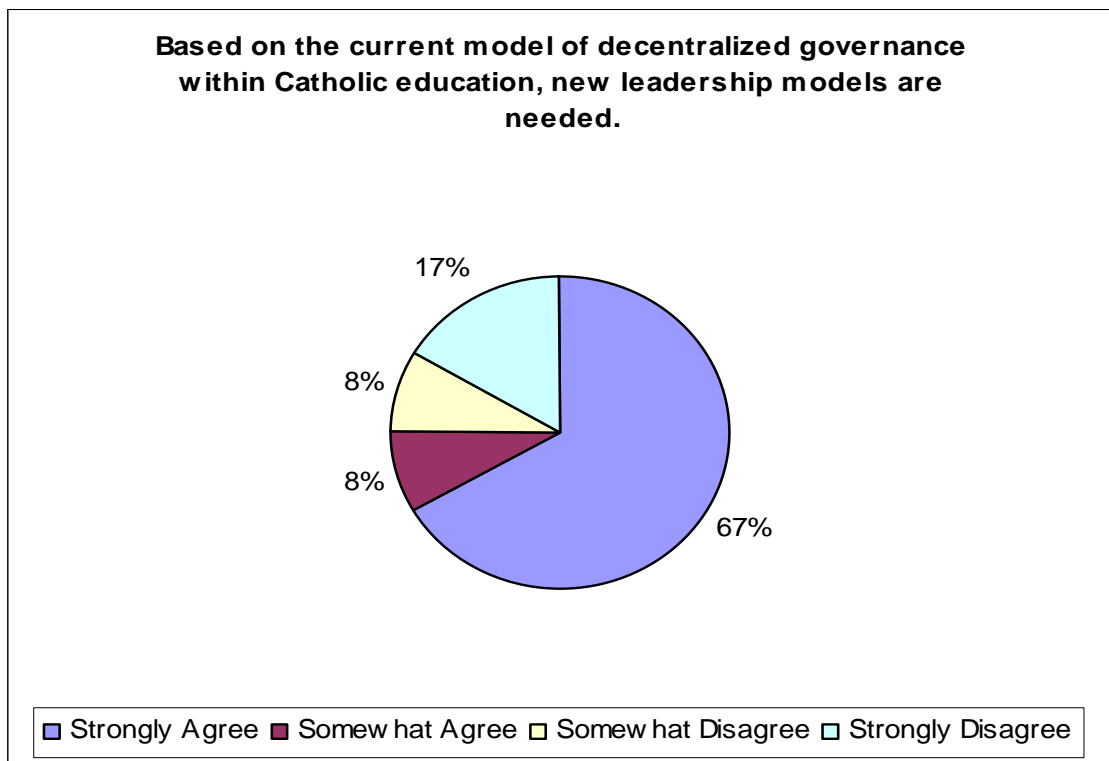
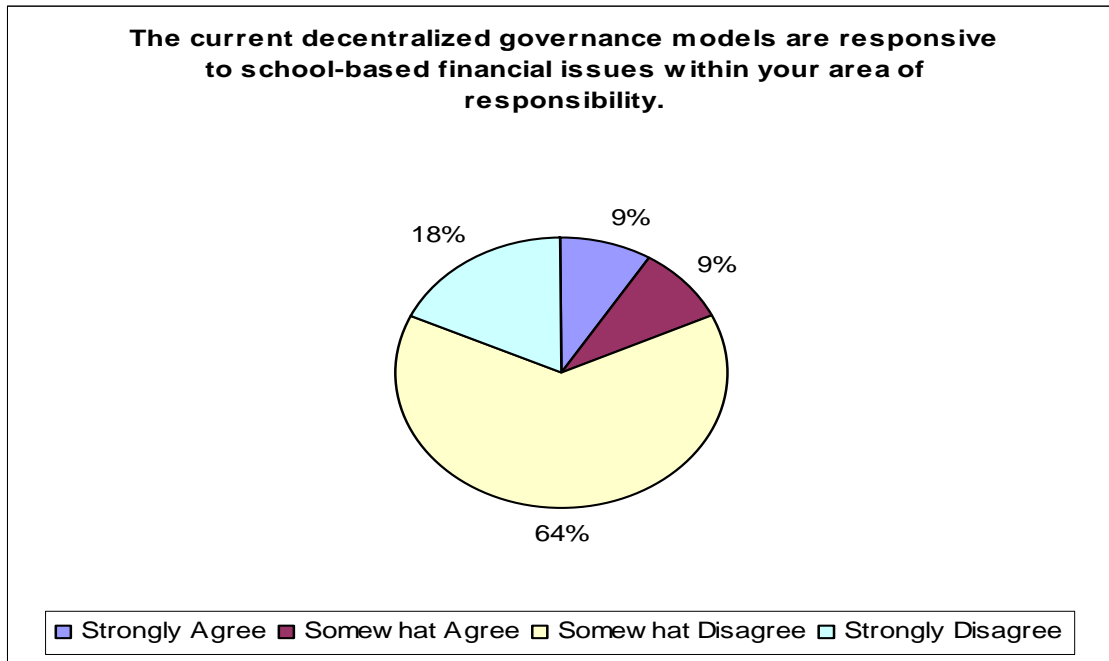


Figure 16. Agreement Levels of Current Decentralized Governance Models



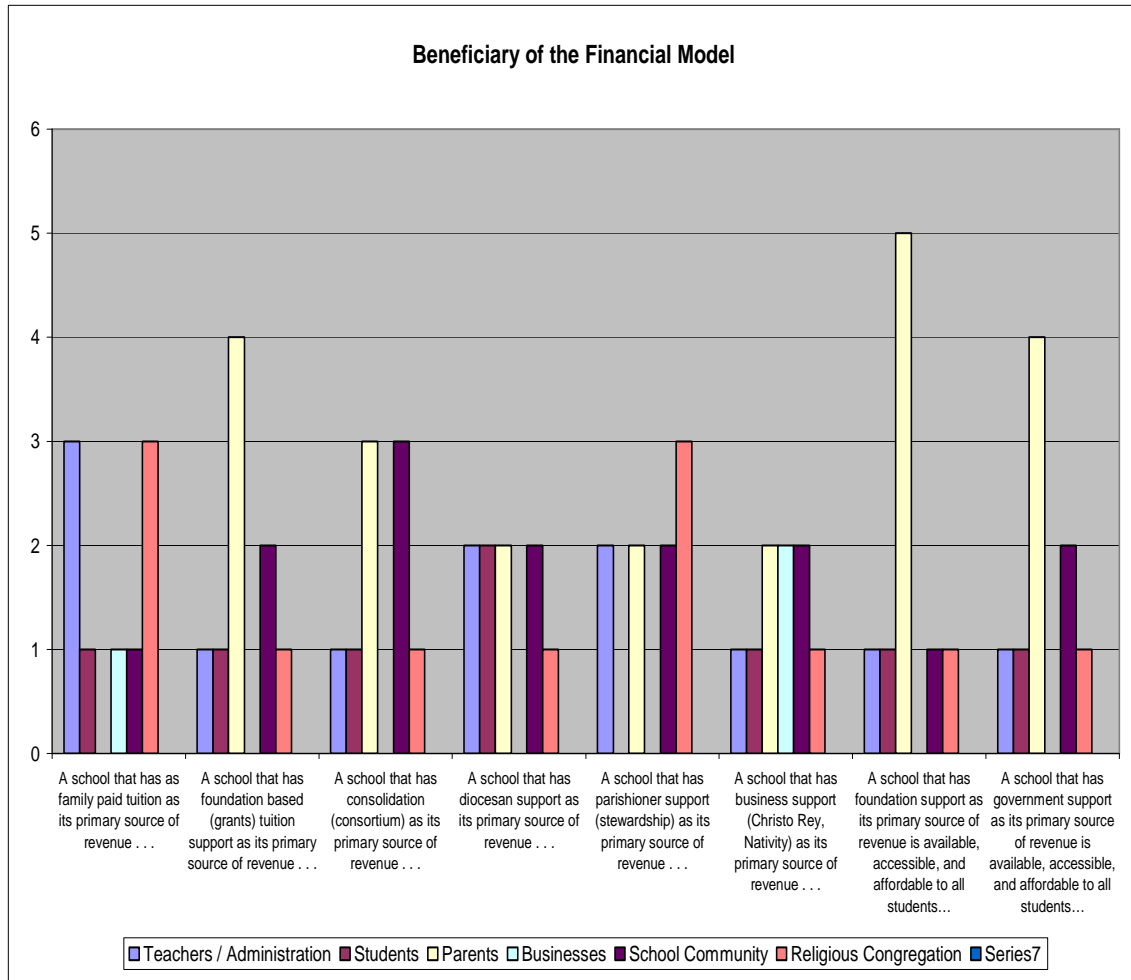
Who are the beneficiaries of the models?

The survey respondents stated that parents are the beneficiaries of the foundation-based model and the government-supported model, while religious congregations are the beneficiaries of family-tuition models and parishioner-supported models. The school community is the beneficiary in consolidation or consortium-based models (see Figure 17).

It seems that if Catholic education were to be faithful to the USCCB's 2005 vision, the beneficiaries of the various models should either be the students, parents or, a category not listed, the Catholic Church. If the goal of making a Catholic education

“available, affordable, and accessible” to all children is to become a reality, then the implementation of the various financial models should be carried out strategically.

Figure 17. Beneficiary of Current Financial Models



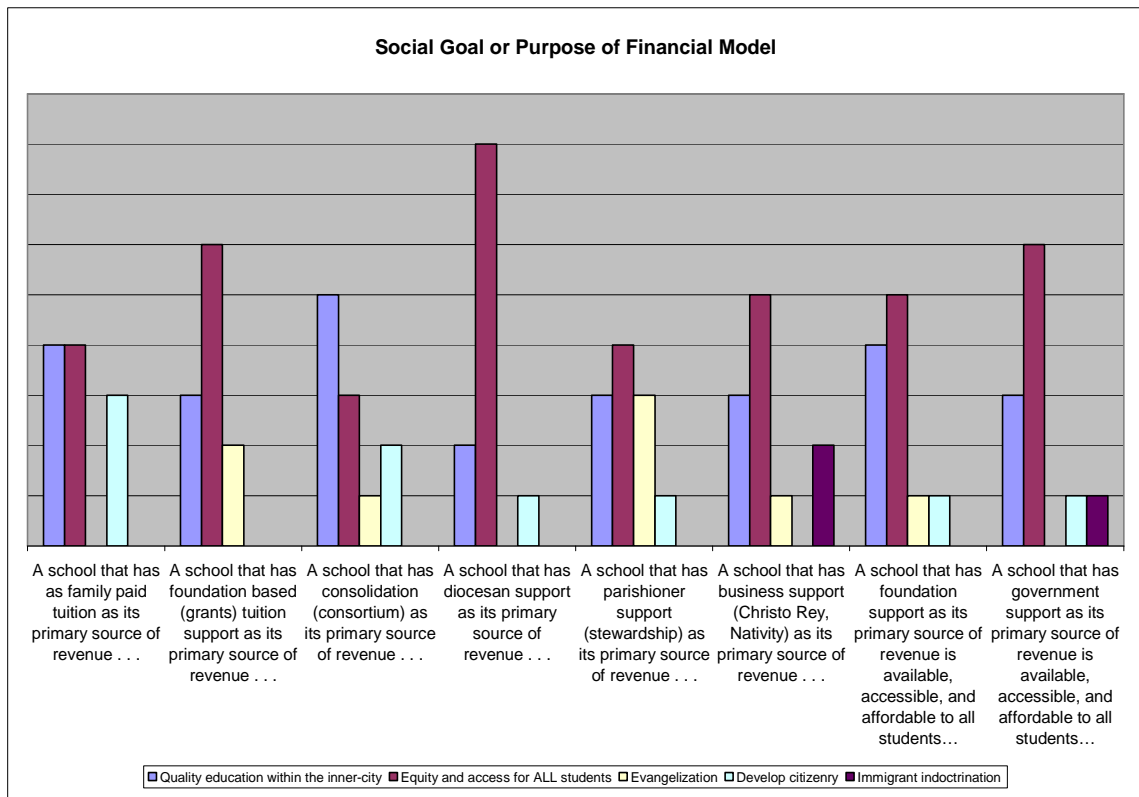
What is the social goal or purpose of the models?

In terms of social goal or purpose of the models, the respondents indicated that the highest contribution to the social goal or purpose comes in terms of the perceived ability of Catholic schools to provide equity and access for all students. The consolidated or consortium model was most frequently depicted as the model that offered quality

education within the inner-city (see Figure 18) and, therefore, able to provide the access to students on the lower end of the economic scale.

If, as the data shows, the belief of the respondents is that a diocesan support program has the greatest promise for a socially just financial model, then it would follow that the development of diocesan-wide financial programs and functions would produce the optimal financial environment—one that potentially increases equal access to all students wanting to attend Catholic schools.

Figure 18. Social Goal or Purpose of Financial Models

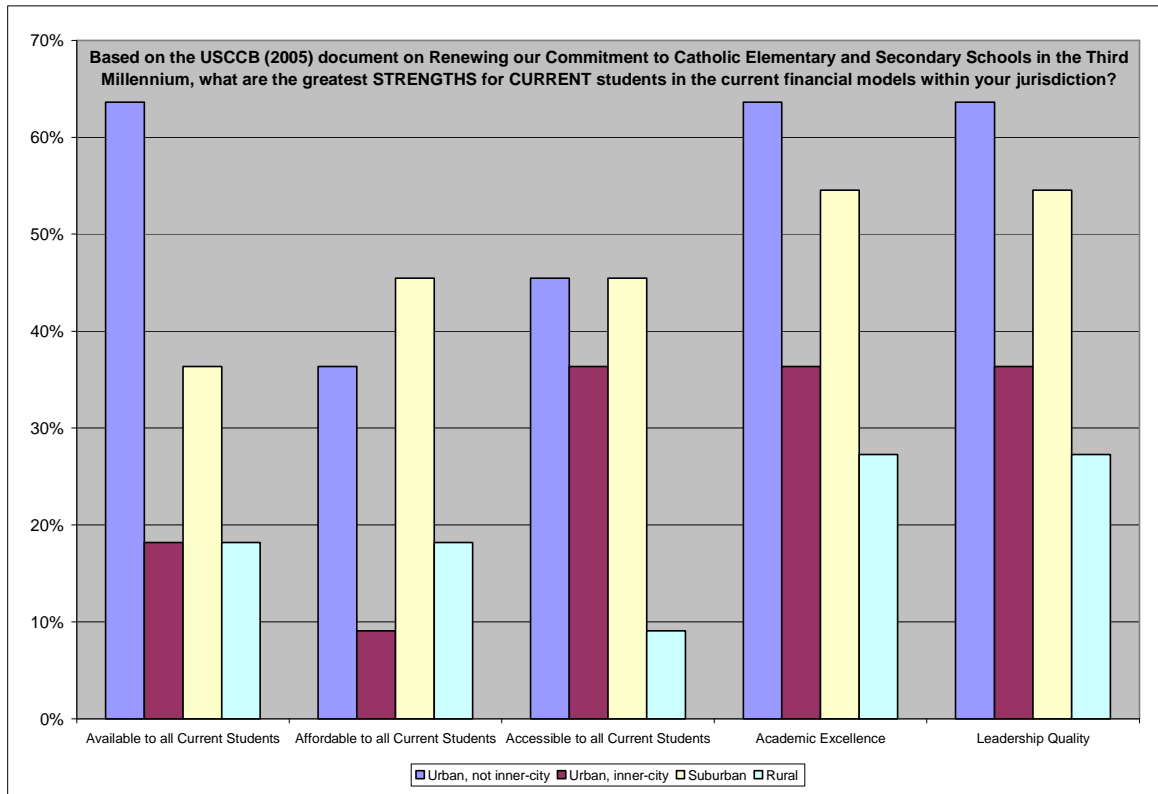


What are the strengths of the models?

Respondents expressed that the greatest strengths of the current financial models are availability, academic excellence, and leadership (see Figure 19). The greatest number of strengths appears to be in the urban schools, which tend to have fewer financial issues, serve families of a higher socio-economic status, and are associated with parishes that are financially stronger.

The perception of the respondents of academic excellence as a strength conflicts with a statement in the Nuzzi and Hunt (2008) study: “while many factors have contributed to enrollment declines in Catholic schools, we have learned that the lack, or perceived lack, of academic excellence in some Catholic schools has played a significant role in these declines” (p. 285). After considering this contradiction, it would appear that Catholic administrators and educators must take a serious look at the level academic quality within Catholic schools. Certainly, there are many schools that perform at the highest academic level nationally. However, it appears that many schools are not performing at that level (see Figure 20). This leads to a discussion of the leadership model and the efficient use of data presented in the Nuzzi and Hunt (2008) study as well as the Governor’s Committee on Education Excellence (2007) study, both of which stated that a review of the leadership skill set and a complete review of academic data are needed.

Figure 19. Strengths of Financial Models

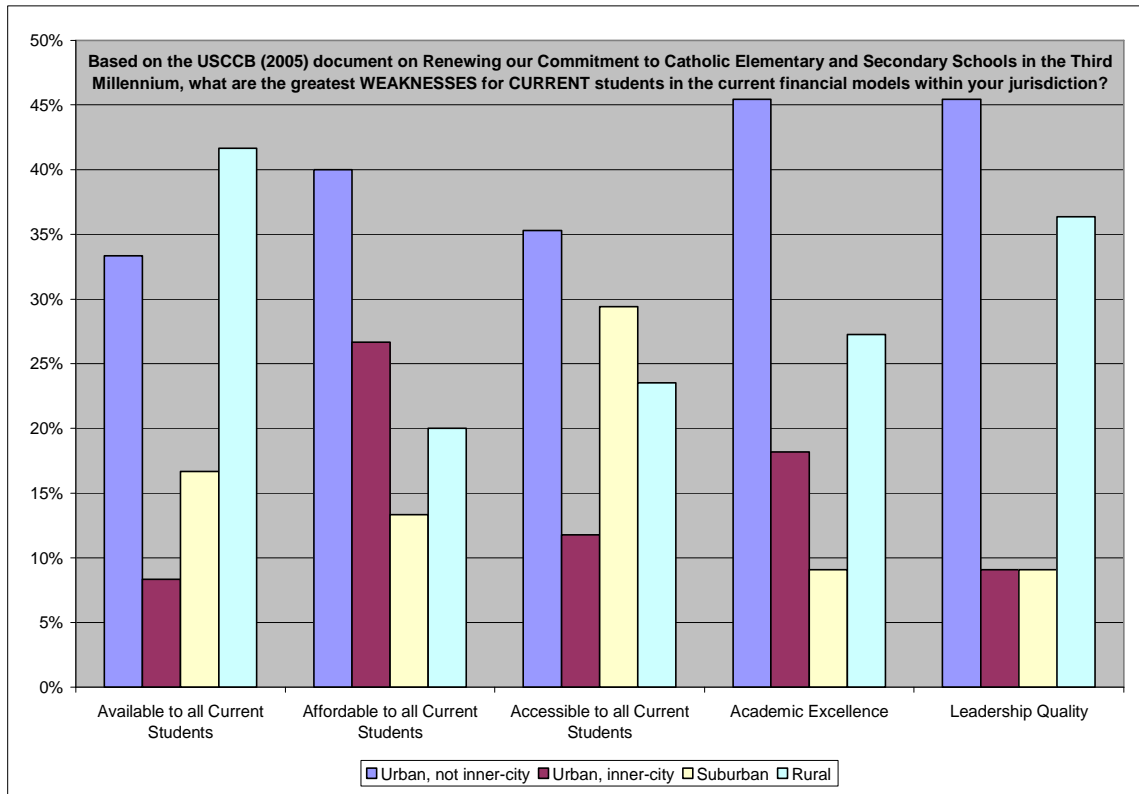


What are the weaknesses of the models?

Based on the socio-economic status of the families being served, the tuition-based model mostly serves the urban families. Inner-city schools are served through the business-supported, foundation, and government-supported models (see Figure 20).

It should be noted that academic excellence was listed as a strength in figure 19 and a weakness in figure 20. The presence of this dichotomy affirms the previously stated premise that there is a need for a complete review of the academic quality of Catholic education.

Figure 20. Weaknesses of Financial Models



Open-ended Question Findings

The most common comments regarding the optimal governance model centered on the level of centralization of the various business processes or the “business of education.” Comments ranged from those suggesting that all processes should be centralized into the diocesan office, making the entire diocese responsible for Catholic education, to those suggesting “local control with accountability to a larger diocesan or regional accrediting agency to assure Catholicity and quality.”

In terms of comments summarizing the social justice aspect of the possible financial models, the following statements by the respondents were offered:

1. The most just model would be where all Catholics support our Catholic schools—or all parishes contribute to Catholic education. There is no tax in our diocese, therefore, schools and parishes are on their own.
2. Each Parish or parishes should take responsibility for the Catholic school as an integral ministry of the parish, and pay almost the full cost of the school. Tuition should be minimal for active parish members. In inner-city locations, the entire diocese should assume financial responsibility for schools whose parishes cannot afford them.

Presentation of the Data

The response rate of this selected population of Diocesan Superintendents was 53% (n = 56). According to Rea and Parker (2005), this exceeds the minimum sample size for selected small populations. Rea and Parker stated that a sample size of 50% is required for accuracy. The largest response was from the New England region, which is consistent with NCEA (Hunt, Joseph, & Nuzzi, 2004) data in terms of the volume of dioceses in the region.

Data were analyzed using basic frequency data. Data were captured using the Survey Monkey web application and were accumulated over a 12-week period of time with four reminder emails sent to potential respondents. Data were then imported into a spreadsheet application for the frequency calculations.

Summary and Introduction of Remaining Key Discussion Points

Based on the wide spectrum of open-ended comments, it appears as though there is not an agreed-upon approach to the definition or application of these models. It also appears that there is not an agreed upon benefit-analysis that allows the future application of the various models in a prescriptive manner.

Findings from the quantitative responses and the open-ended comments can be categorized in the following three patterns:

1. A need for a purposeful, strategic, comprehensive intent in the application of the various financial models available.
2. A need to reframe the leadership model.
3. A need to review the current decentralized model.

Nuzzi and Hunt (2008) referenced a study conducted by the Notre Dame Task Force entitled, *Making God Known Loved and Served*, in which 12 recommendations were made based on the USCCB (2005) document, *Renewing our commitment to Catholic elementary and secondary schools in the third millennium*. The three patterns expressed in this study were echoed in the Notre Dame study. Nuzzi and Hunt recommended the development of a new generation of Catholic school teachers and administrators, access to public funds and other financial resources for Catholic schools, and a rethinking of “managerial opportunities” based on revisiting economies of scale and new governance models within Catholic education. The Nuzzi and Hunt study corroborates the research findings of this study.

Chapter 5 provides a more complete summary and in-depth discussion of the findings of this study. The discussion focuses on the three primary patterns shown in the data and suggestions for future research that may begin to lead Catholic educators to embrace financial models that are both viable and socially just.

Chapter V: Discussion and Implications

Purpose of the Study

Based on data in a study commissioned by the National Catholic Educational Association (NCEA) and conducted by the Center for the Applied Research in the Apostolate (CARA), as well as supporting data found in *Catholic Schools at the Crossroads* by Youniss and Convey (2000), Catholic school enrollment declined by 50% since 1965. This decline is due to many factors, including demographic shifts, drop in Mass attendance, and changes in the Catholic Church. However, 76% of responding Catholics reported that “they are unable to afford the tuition” of Catholic schools (CARA, 2006). Given this perceived obstacle, the purpose of this study was to gain understanding of possible solutions to the economic crisis facing Catholic schools in order to make Catholic education feasible to all families that would choose a Catholic education for their children.

Due to their current financial models, Baker and Riordan (1998) argued that Catholic schools are moving toward becoming “elite institutions of private schools.” In doing so, many poor and middle-class families are denied the opportunity to obtain a Catholic education, representing a strong inconsistency between the mission and practice of Catholic education. The current financial model contributes to the inaccessibility that many families feel describe Catholic schools. This poses a significant social justice issue that must be addressed.

Hunt (1998) confirmed that more research on Catholic education financial models needs to be conducted. He stated, “Only 8 of the 302 dissertations completed on Catholic schools in the United States between 1988-1997 dealt with finance related issues” (p. 68).

By exploring and defining the current financial environment, the objective is to engender more frequent thoughtful conversation about these financial models. From there, research may lead to the development of strategic initiatives that will fit Catholic schools with an optimal financial environment—one that will make room for all children who wish to receive a Catholic education.

Restatement of the Research Question

The question that this study answered was, “What are the current financial models of Catholic education?” By reviewing the literature on Catholic school finances, and through a survey of current Catholic diocesan superintendents, this study defined current financial models by asking the following questions (adapted from Dulles, 1978/2002):

1. What are the parameters or conditions of the model?
2. Who are the beneficiaries of the model?
3. What is the social goal or purpose of the model?
4. What are the strengths of the model?
5. What are the weaknesses of the model?

Understanding the aspects of the Dulles model will lead toward a greater understanding of the current models as well as the future application of current and future models.

Discussion of Findings

Findings from survey answers, open-ended comments, and follow-up conversations fall into the following three categories:

1. A need for a purposeful, strategic, comprehensive intent in the application of the various financial models available.
2. A need to reframe the leadership model.
3. A need to review the current decentralized model.

Need for Purposeful, Strategic, Comprehensive Intent

Inferences drawn from the data suggest that there does not appear to be a comprehensive approach to the definitions and applications of the various financial models. The application of various models seems to be based on anecdotal information and lacks purposeful, strategic intent.

It also appears as though there is a lack of dominant, clear agreement on the beneficiaries of the various models based on their geographic location, socioeconomic status, or affiliation with a religious community. Without a clear sense of a process of application of the various models, financial solutions seem to be arbitrary.

Need to Reframe Leadership Model

Leadership models are also in question. Sixty-seven percent of the respondents “strongly agree” that new leadership models are needed in Catholic education. Does this mean a move to the president/principal model in elementary education, or a more centralized model similar to charter schools where some aspects of the business of

education (e.g., finance, human resources, technology, facilities, and institutional advancement) are centralized?

Need to Review Current Decentralized Governance Model

According to survey respondents, Catholic school governance needs to be more centralized. Eighty-two percent of respondents either “somewhat disagree” or “strongly disagree” that the current decentralized governance models are responsive to school-based financial issues. The open-ended comments imply that a more centralized approach would be more effective. Further research on the optimal level of centralization of the core business processes would be beneficial. However, it is important to be aware that the concept of centralizing core business processes is in conflict with one of the basic constructs of the Catholic Church—subsidiarity. Hence, Canon Law needs to be explored in order to better define the possibility of centralizing core processes while maintaining an environment of site-based decision making.

With the rise of the quantity and the acknowledged success of charter schools, review of the possible integration of charter school governance models into the Catholic school system offers an opportunity for reframing financial models in Catholic education. Charter schools were created to allow for operation outside of the bureaucracy that is involved in the governance structure of public education. The charter school model may be the hybrid model toward which Catholic education can migrate. Several participants in the data collection process raised questions about the concept of optimal centralization. Is there a hybrid Catholic school model that adds a centralization component for cost reduction, operational efficiencies, and intuitional advancement opportunities, yet honors

Canon Law and the mission of Catholic education? Future research needs to include a discussion on the aspects of Canon Law, subsidiarity, and the need for a more centralized financial model.

Summary

The future viability of the various financial models is still unclear. Based on the growth of non-tuition based models (i.e., endowments, government-supported models, and business-supported models) (Gray & Gautier, 2006), it appears that a trend is emerging toward the re-thinking of parent-based tuition. The concept of tuition as we know it may transition into a financial structure that determines tuition based on a family's financial abilities, rather than a published tuition amount.

Based on a review of the research including Baker and Riordan (1998), Bryk et al., (1993), and Youniss and Convey (2000), there is much speculation as to whether the predominant model of tuition-based income is sustainable, especially within inner-city communities. Guerra (2000) suggested that, "development programs, including endowments, must enable Catholic schools to reduce the operating budget's dependence on tuition or provide increased tuition aid to middle and lower class income families" (p. 28).

From an economic perspective, as Catholic schools raise tuition to cover standard and fixed costs such as compensation and benefits, fewer families are able to afford a Catholic education. With the increase in tuition, families choose to leave Catholic education or choose to not enter Catholic education and enrollment drops. As enrollment

drops, a major source of revenue decreases and Catholic schools raise tuition to meet the higher cost per student with fixed expenses spread across fewer students.

The financial environment in a Catholic school has a system wide impact, influencing quality of education, teacher retention, leadership possibilities, professional development options, and educational resources. As Senge et al. (2000) indicated, “the discipline of systems thinking provides a different way of looking at problems and goals—not as isolated events but as components of larger structures” (p. 78). How has the financial climate in Catholic education impacted the quality of the Catholic educational experience? Nuzzi and Hunt (2008) would affirm that financial challenges have led to a lower level of academic achievement, resulting in students leaving Catholic schools.

Significance of Findings

The findings of this research begin to give form to the various financial models of Catholic education, but they do not go far enough. Bolman and Deal (1997) expressed the complexity of reviewing and reframing the governance and leadership models, especially as they relate to a strategic direction and the impact on various systemic organizational aspects of Catholic education in the United States. By reframing the vision of Catholic education, current leadership will be able to create the necessary strategic plans to maximize the future of Catholic education. The reframing should include the vision of effective governance models and new leadership requirements, as well as a new financial landscape.

It also seems clear that higher education, in their administrator certification or degree programs, must address the new leadership skills needed to operate as an

administrator in future Catholic education. Administrator training programs must include a discussion of the charter school movement and courses that focus on the business of education, as well as the academic and curricular aspects of school leadership.

Recommendations for Practice of Future Research

Recommendations to future researchers include reframing of the environment of Catholic education. The components of reframing referenced by Bolman and Deal (1997) are:

1. Structural goals, specialized roles, formal relationships, division of labor, rules, policies, procedures, and hierarchies (i.e., problems arise when structure does not fit situation).
2. Human Resources, extended family, feelings, prejudices, skills, and limitations (i.e., the organization must be tailored to the people).
3. Political arenas, contests, jungles, interests competition for limited resources, rampant conflict (i.e., problems arise when power is concentrated in the wrong place or when it is too broadly dispersed).
4. Symbolic cultural and social anthropology, tribes, theater, or carnivals, cultures on rituals, ceremonies, stories, heroes, myths.

A review of the structural goals, as expressed by the respondents of the survey through a suggested review of the governance structure of Catholic education, would be an important focus in future research. It is also essential that future research involves a review of the changing symbolic culture and social anthropology. An additional key focus point is a look at the impact of changing generational perspectives and their view of

Catholic education and the Catholic Church, as referenced in Bolman and Deal's last point.

After reframing the perspective of Catholic education in the United States, in replicating this research, it might be more appropriate to ask the question, "Why use a particular financial model in this situation?" Understanding the "why" would provide a clearer image of the possible successes of various models. Future research should focus on why a specific financial model is applied and in what type of governance model it is most effective. Expected leadership skills need to be included in this discussion.

Future research focused on the prescriptive aspect of various models' applications is needed. Application of the discussed and future models applied with purposeful intent would appear to facilitate the viability of Catholic education and the ability to sustain its social justice mission.

James, Tichy, Collins, & Schwob (2008), in their study entitled *Developing a Predictive Metric to Assess School Viability*, developed a predictive model for Catholic elementary schools in the Archdiocese of St. Louis. Models such as this one need to be a part of the strategic intent discussion regarding the implementation of financial models. If Catholic educators can look at predictive viability of schools and prepare a purposeful plan for the development of the financial models within their dioceses, it is possible that more schools could be saved.

This research focused on Dulles' definitions of models. The main findings of this study were explanatory in their nature. Future research should move toward a more exploratory nature. This research only briefly touched on the social justice impact of the

current environment of Catholic education; however, a major social justice issue emerges surrounding the current financial model and the inaccessibility of many families to attend Catholic schools due to financial circumstances. This issue prompts the questions: Is it just to pay faculty and staff far below their market value and their public school peers? Is it just to educate children in dilapidated buildings and subject them to poor resources that are in the inner-city Catholic schools? Is it just for poorer Catholic schools to teach from outdated textbooks, thereby limiting the access of these students as they pursue success in higher education and outside of the Catholic school setting?

Catholic educators, administrators, and researchers must reframe the current perspectives that are held within the Catholic educational community. In addition, they must take a comprehensive look at the governance structure of Catholic education as it relates to Canon law and the effectiveness of Catholic schools. This would include a complete review of the financial structures of the Catholic school system, a purposeful intent for the implementation of the various financial models available, and a preparation of future leadership by Catholic higher education and Catholic diocesan administrators. This comprehensive look must focus on making Catholic education available and accessible for all children.

APPENDIX A: ALIGNMENT MATRIX

“What are the current financial models of Catholic education?”

Concept	Question Number
Demographic Info	<p>1. I consent to my information being used by Rick Kruska in his doctoral research at Loyola Marymount University, Los Angeles, on the financial models of Catholic education.</p> <p>2. Input the information as requested. Name: Arch / Diocese or Religious Community Address: Address 2: City/Town: ZIP Code: Country:</p> <p>3. What is your current position?</p> <p>4. For any follow up questions, what is your email address?</p> <p>5. Based on the NCEA geographic categorizations, which region or regions does your organization operate schools?</p> <p>6. What is the quantity of students within your educational organization (diocese or community)?</p> <p>7. How many Pre-K through 8th grade schools are within your jurisdiction?</p> <p>8. How many secondary schools are within your jurisdiction?</p> <p>9. What is your primary area of responsibility? (Check all that apply.)</p> <p>10. What percentage of your students in the following elementary school categories are Catholic?</p> <p>11. What percentage of your students in the following secondary school categories are Catholic?</p> <p>12. What is the percentage of ethnic or racial makeup of the</p>

	<p>students your arch / diocese or community schools?</p> <p>13. What percentage of your schools are in the following categories?</p> <p>14. What percentage of your students are eligible for government free or reduced price lunches?</p> <p>15. Does your organization have a person dedicated to acquiring title funds?</p>
<p>What are the parameters or conditions of the model?</p>	<p>16. What percentage of the schools in your jurisdiction employs the following financial models (partial or complete funding)?</p> <p>17. Primarily, where are your schools located in relationship to their financial model? Urban - Not Inner City Urban - Inner City - Suburban - Rural</p> <p>18. What percentages of your families in the following categories are able to pay full tuition? Parish School</p> <p>19. What percentage of your schools' revenue comes from parent paid tuition? Parish School</p> <p>20. What percentage of your schools' revenue comes from foundation paid tuition (via grants, endowments, etc.)?</p> <p>21. Does your state or the federal government offer financial assistance to your schools, your parents, or your local businesses in any one of the following categories?</p> <p>22. What percentage of your schools' revenue comes from parish or diocesan subsidies?</p> <p>23. What percentage of your schools' revenue comes from parish or diocesan stewardship programs?</p> <p>24. What percentage of your schools have endowments?</p> <p>25. What is the estimated average endowment of the schools</p>

	in your jurisdiction?
Who are the beneficiaries of the model?	27. Mark the most appropriate answer to the following statement based on the BENEFICIARY of the financial model.
What is the social goal or purpose of the model?	<p>14. What percentage of your students are eligible for government free or reduced price lunches?</p> <p>15. Does your organization have a person dedicated to acquiring title funds?</p> <p>26. Mark the most appropriate answer to the following statement as it relates to the Social justice aspect of the various models.</p> <p>28. Mark the most appropriate answer to the following statement based on the SOCIAL GOAL or PURPOSE of the financial model.</p> <p>29. Mark the most appropriate answer to the following statement based on the SOCIO-ECONOMIC STATUS of the families being served in the financial model.</p>
What are the strengths of the model?	<p>30. What is the governance structure of your organization?</p> <p>31. Given Canon Law and the governance model it represents, how effective is the current decentralized model in relation to Catholic education?</p> <p>32. Based on the USCCB (2005) document on <i>Renewing our Commitment to Catholic Elementary and Secondary Schools in the Third Millennium</i>, what are the greatest STRENGTHS for CURRENT students in the current financial models within your jurisdiction?</p> <p>33. Based on the USCCB (2005) document on <i>Renewing our Commitment to Catholic Elementary and Secondary Schools in the Third Millennium</i>, what are the greatest STRENGTHS for POTENTIAL students in the current financial models within your jurisdiction?</p>

<p>What are the weaknesses of the model?</p>	<p>30. What is the governance structure of your organization?</p> <p>31. Given Canon Law and the governance model it represents, how effective is the current decentralized model in relation to Catholic education?</p> <p>34. Based on the USCCB (2005) document on <i>Renewing our Commitment to Catholic Elementary and Secondary Schools in the Third Millennium</i>, what are the greatest WEAKNESSES for CURRENT students in the current financial models within your jurisdiction?</p> <p>35. Based on the USCCB (2005) document on <i>Renewing our Commitment to Catholic Elementary and Secondary Schools in the Third Millennium</i>, what are the greatest WEAKNESSES for POTENTIAL students in the current financial models within your jurisdiction?</p>
<p>Future</p>	<p>36. What would you suggest as an optimal governance model for Catholic education? Please explain.</p> <p>37. Keeping in mind the USCCB’s goals for Catholic education (available, accessible and affordable and for parents to be able to choose the best school for their children), what do you see as the “most just” future model or models of Catholic schools?</p>

APPENDIX B: SURVEY ON FINANCIAL MODELS

Financial Models Revised

1. Welcome to this survey on financial models in Catholic education!

Thank you for taking time to answer the questions contained in this survey. The hope is that the information gathered will assist Catholic education on a national basis by clarifying the various financial models being used in Catholic elementary and secondary education within the United States.

December 15, 2007

By responding to this survey, I hereby authorize Rick Kruska to include me in the research study entitled Financial Models of Catholic Education. I have been asked to participate in this study that is designed to extract and the current financial models within Catholic education in the United States.

It has been explained to me that the survey data collected will be used for presentation and/or research purposes only and that my identity will not be disclosed. I understand that my anonymity and confidentiality will be respected by the research team and I agree that the data shall be retained for research and/or teaching purposes for an indefinite time. I understand that I have the right to review the data collected as part of the study.

I understand that I have the right to refuse to participate in, or withdraw from this study at any time without it affecting future professional collaborative activities with the Loyola Marymount University, School of Education. I understand that circumstances may arise which might cause the investigator(s) to terminate my participation before the completion of the study. I understand that no information that identifies me will be released without my separate consent except as specifically required by law.

I understand that Rick Kruska, who can be reached at rkruska@msn.com, will answer any questions I may have at any time concerning details of the procedures performed as a part of this study.

I understand that if I have any further questions, comments, or concerns about the study or the informed consent process, I may contact Birute Anne Vileisis, Ph.D., Interim Chair, Institutional Review Board, 1 LMU Drive, Suite 3000, Loyola Marymount University, Los Angeles, CA 90045-2659 (310) 338-4599, bvileisis@lmu.edu.

*** 1. I consent to my information being used by Rick Kruska in his doctoral research at Loyola Marymount University, Los Angeles, on the financial models of Catholic education.**

- I consent
 I do not consent

2. Demographic Information

2. Input the information as requested.

Name:

Arch / Diocese or Religious Community:

Address:

Address 2:

City/Town:

State:

ZIP Code:

Country:

* 3. What is your current position?

Superintendent

Assistant Superintendent

Religious Community Educational Leader

Other (please specify)

4. For any follow up questions, what is your email address?

* 5. Based on the NCEA geographic categorizations, which region or regions does your organization operate schools?

Great Lakes

Mideast

New England

Plains

Southeast

West/FarWest

Clarification if needed . . .

* 6. What is the quantity of students within your educational organization (diocese or community)?

0-5,000

5,001- 10,000

10,001-15,000

15,001-20,000

20,001-30,000

30,001 or greater

Clarification if needed . . .

Financial Models Revised

* 7. How many Pre-K through 8th grade schools are within your jurisdiction?

Private	<input type="text"/>
Diocesan	<input type="text"/>
Parish	<input type="text"/>
Religious Community	<input type="text"/>
Other	<input type="text"/>

* 8. How many secondary schools are within your jurisdiction?

Private	<input type="text"/>
Diocesan	<input type="text"/>
Parish	<input type="text"/>
Religious Community	<input type="text"/>
Other	<input type="text"/>

* 9. What is your primary area of responsibility? (Check all that apply.)

<input type="checkbox"/>	Pre-K
<input type="checkbox"/>	Elementary (K-8)
<input type="checkbox"/>	Secondary (9-12)
<input type="checkbox"/>	K-12
<input type="checkbox"/>	Other (please specify)
	<input type="text"/>

* 10. What percentage of your students in the following ELEMENTARY school categories are Catholic?

Parish School	<input type="text"/>
Inter parochial School	<input type="text"/>
Diocesan School	<input type="text"/>
Religious Community School	<input type="text"/>
Private Independent School	<input type="text"/>
Other	<input type="text"/>

* 11. What percentage of your students in the following SECONDARY school categories are Catholic?

Parish School	<input type="text"/>
Inter parochial School	<input type="text"/>
Diocesan School	<input type="text"/>
Religious Community School	<input type="text"/>
Private Independent School	<input type="text"/>

Financial Models Revised

*** 12. What is the percentage of ethnic or racial makeup of the students your arch / diocese or community schools?**

Anglo, Caucasian, or White	<input type="text"/>
African American or Black	<input type="text"/>
Hispanic or Latino	<input type="text"/>
Asian,, Pacific Islander, or Native Hawaiian	<input type="text"/>
Native American, American Indian, or Native Alaskan	<input type="text"/>
Multiracial	<input type="text"/>
Other	<input type="text"/>

*** 13. What percentage of your schools are in the following categories?**

Urban, not inner-city	<input type="text"/>
Urban, inner-city	<input type="text"/>
Suburban	<input type="text"/>
Rural	<input type="text"/>

*** 14. What percentage of your students are eligible for government free or reduced price lunches?**

*** 15. Does your organization have a person dedicated to acquiring title funds?**

- Yes
 No

Clarification if needed . . .

Financial Models Revised

3. Financial Data

The next section will focus on financial models and revenue acquisition.

*** 16. What percentage of the schools in your jurisdiction employ the following financial models (partial or complete funding)?**

Tuition Based	<input type="text"/>
Parish Supported - Stewardship	<input type="text"/>
Parish Supported - Subsidy	<input type="text"/>
Diocesan Supported - Subsidy	<input type="text"/>
Religious Community Supported	<input type="text"/>
Local Business Supported - Christo Rey, etc.	<input type="text"/>
Government Supported - Vouchers, Tax Credits, etc.	<input type="text"/>
Foundation / Endowment Supported	<input type="text"/>

*** 17. Primarily, where are your schools located in relationship to their financial model?**

	Urban, not inner-city	Urban, inner-city	Suburban	Rural
Tuition Based	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Parish Supported - Stewardship	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Parish Supported - Subsidy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Diocesan Supported - Subsidy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Religious Community Supported	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Local Business Supported - Christo Rey, etc.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Government Supported - Vouchers, Tax Credits, etc.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Foundation / Endowment Supported	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Financial Models Revised

*** 18. What percentage of your families in the following categories are able to pay full tuition?**

Parish School	<input type="text"/>
Inter Parochial School	<input type="text"/>
Diocesan School	<input type="text"/>
Religious Community School	<input type="text"/>
Private Independent School	<input type="text"/>
Other	<input type="text"/>

*** 19. What percentage of your schools' revenue comes from parent paid tuition?**

Parish School	<input type="text"/>
Inter Parochial School	<input type="text"/>
Diocesan School	<input type="text"/>
Religious Community School	<input type="text"/>
Private Independent School	<input type="text"/>

*** 20. What percentage of your schools' revenue comes from foundation paid tuition (via grants, endowments, etc.)?**

Parish School	<input type="text"/>
Inter Parochial School	<input type="text"/>
Diocesan School	<input type="text"/>
Religious Community School	<input type="text"/>
Private Independent School	<input type="text"/>

*** 21. Does your state or the federal government offer financial assistance to your schools, your parents, or your local businesses in any one of the following categories?**

No State or Federal Support

Parent School Vouchers

Parent Tax Credits or Incentives

Business Tax Credits or Incentives

Other (please specify)

Financial Models Revised

*** 22. What percentage of your schools' revenue comes from parish or diocesan subsidies?**

Parish School	<input type="text"/>
Inter Parochial School	<input type="text"/>
Diocesan School	<input type="text"/>
Religious Community School	<input type="text"/>
Private Independent School	<input type="text"/>

*** 23. What percentage of your schools' revenue comes from parish or diocesan stewardship programs?**

Parish School	<input type="text"/>
Inter Parochial School	<input type="text"/>
Diocesan School	<input type="text"/>
Religious Community School	<input type="text"/>
Private Independent School	<input type="text"/>

*** 24. What percentage of your schools have endowments?**

Parish School	<input type="text"/>
Inter Parochial School	<input type="text"/>
Diocesan School	<input type="text"/>
Religious Community School	<input type="text"/>
Private Independent School	<input type="text"/>

*** 25. What is the estimated average endowment of the schools in your jurisdiction?**

	1-100,000	100,001 - 200,000	200,001 - 500,000	500,001 - 750,000	750,001 - 1,000,000	Greater than 1,000,000
Urban, not inner-city	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Urban, inner-city	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Suburban	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rural	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify)	<input type="text"/>					

Financial Models Revised

4. Social Justice

In 2005, the USCCB presented a document entitled *Renewing our Commitment to Catholic Elementary and Secondary Schools in the Third Millennium* in which the bishops presented four goals:

1. Catholic schools will continue to provide Gospel-based education of the highest quality.
2. Catholic schools will be available, accessible, and affordable.
3. The bishops will launch initiatives in both private and public sectors to ensure financial assistance for parents, the primary educators of their children, so they can better exercise their right to choose the best school for their children.
4. Catholic schools will be staffed by highly qualified administrators and teachers who would receive just wages and benefits, as expressed in our pastoral letter.
(USCCB, 2005, p.2)

*** 26. Mark the most appropriate answer to the following statement.**

	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
A school that has as family paid tuition as its primary source of revenue is available, accessible, and affordable to all students.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has tuition as its primary source of revenue is available, accessible, and affordable to all students...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has consolidation as its primary source of revenue is available, accessible, and affordable to all students...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has diocesan support as its primary source of revenue is available, accessible, and affordable to all students...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has parishioner support as its primary source of revenue is available, accessible, and affordable to all students...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has business support as its primary source of revenue is available, accessible, and affordable to all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Financial Models Revised

students...

A school that has foundation support as its primary source of revenue is available, accessible, and affordable to all students...

A school that has government support as its primary source of revenue is available, accessible, and affordable to all students...

Based on the current model of decentralized governance within Catholic education, new leadership models are needed.

Based on the USCCB's goals for Catholic education (available, accessible and affordable and for parents to be able to choose the best school for their children), current financial models will provide opportunities for dioceses or schools to meet these goals.

The current decentralized governance models are responsive to school-based financial issues within your area of responsibility.

Other (please specify)

Financial Models Revised

*** 27. Mark the most appropriate answer to the following statement based on the BENEFICIARY of the financial model.**

	Teachers / Administration	Students	Parents	Businesses	School Community	Parish Community	Religious Congregation
A school that has as family paid tuition as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has foundation based (grants) tuition support as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has consolidation (consortium) as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has diocesan support as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has parishioner support (stewardship) as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has business support (Christo Rey, Nativity) as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has foundation support as its primary source of revenue is available, accessible, and affordable to all students...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has government support as its primary source of revenue is available, accessible, and affordable to all students...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

Financial Models Revised

*** 28. Mark the most appropriate answer to the following statement based on the SOCIAL GOAL or PURPOSE of the financial model.**

	Quality education within the inner-city	Equity and access for ALL students	Evangelization	Develop citizenry	Immigrant indoctrination
A school that has as family paid tuition as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has foundation based (grants) tuition support as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has consolidation (consortium) as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has diocesan support as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has parishioner support (stewardship) as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has business support (Christo Rey, Nativity) as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has foundation support as its primary source of revenue is available, accessible, and affordable to all students...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has government support as its primary source of revenue is available, accessible, and affordable to all students...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments . . .

Financial Models Revised

*** 29. Mark the most appropriate answer to the following statement based on the SOCIO-ECONOMIC STATUS of the families being served in the financial model.**

	Urban - Inner-City	Urban - Not Inner-City	Suburban	Rural
A school that has as family paid tuition as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has foundation based (grants) tuition support as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has consolidation (consortium) as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has diocesan support as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has parishioner support (stewardship) as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has business support (Christo Rey, Nativity) as its primary source of revenue . . .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has foundation support as its primary source of revenue is available, accessible, and affordable to all students...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A school that has government support as its primary source of revenue is available, accessible, and affordable to all students...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments . . .

5. Governance Models

*** 30. What is the governance structure of your organization?**

- Singular Sole Corporation (Archbishop or Bishop as sole proprietor)
- Multiple Sole Corporations (Parish as sole proprietor)
- Other (please specify)

*** 31. Given Canon Law and the governance model it represents, how effective is the current decentralized model in relation to Catholic education?**

- Very Effective
- Somewhat Effective
- Somewhat Ineffective
- Very Ineffective

Comments

Financial Models Revised

*** 32. Based on the USCCB (2005) document on Renewing our Commitment to Catholic Elementary and Secondary Schools in the Third Millennium, what are the greatest STRENGTHS for CURRENT students in the current financial models within your jurisdiction?**

	Urban, not inner-city	Urban, inner-city	Suburban	Rural
Available to all Current Students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Affordable to all Current Students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accessible to all Current Students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Academic Excellence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leadership Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments

*** 33. Based on the USCCB (2005) document on Renewing our Commitment to Catholic Elementary and Secondary Schools in the Third Millennium, what are the greatest STRENGTHS for POTENTIAL students in the current financial models within your jurisdiction?**

	Urban, not inner-city	Urban, inner-city	Suburban	Rural
Available to all Potential Students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Affordable to all Potential Students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accessible to all Potential Students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Academic Excellence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leadership Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments

Financial Models Revised

*** 34. Based on the USCCB (2005) document on Renewing our Commitment to Catholic Elementary and Secondary Schools in the Third Millennium, what are the greatest WEAKNESSES for CURRENT students in the current financial models within your jurisdiction?**

	Urban, not inner-city	Urban, inner-city	Suburban	Rural
Available to all Current Students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Affordable to all Current Students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accessible to all Current Students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Academic Excellence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leadership Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments

*** 35. Based on the USCCB (2005) document on Renewing our Commitment to Catholic Elementary and Secondary Schools in the Third Millennium, what are the greatest WEAKNESSES for POTENTIAL students in the current financial models within your jurisdiction?**

	Urban, not inner-city	Urban, inner-city	Suburban	Rural
Available to all Potential Students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Affordable to all Potential Students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accessible to all Potential Students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Academic Excellence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leadership Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments

Financial Models Revised

36. What would you suggest as an optimal governance model for Catholic education? Please explain.

37. Keeping in mind the USCCB's goals for Catholic education (available, accessible and affordable and for parents to be able to choose the best school for their children), what do you see as the "most just" future model or models of Catholic schools?

6. Thank you for taking the time to answer these survey questions!

The data captured through this survey process will be compiled and presented at the NCEA Convention in St Louis. If you would like to receive a summary of the data from this survey, notify Rick Kruska at rkruska@msn.com.

APPENDIX C: LETTER OF INVITE

January 25, 2008

Dear CACE Colleagues,

Thank you to the many of you that have shared your data, expertise, and opinions by answering the questions on the survey. I realize that there have been issues in completing the survey. I have been working with survey monkey to correct the issues. If you were not able to complete the survey you can return and fill out the survey. Data collection will close on January 31.

I am Superintendent of Catholic Schools for the Diocese of Oakland, California. I am also a doctoral candidate at Loyola Marymount University in Los Angeles, California. My research centers on the various financial models of Catholic education within the United States. My hope is to create a document that will be of assistance to Catholic educational administrators as we take a serious look at the financial aspect of Catholic education and its mission or role in our Church and our society at large.

In recent years there has been discussion and concern regarding the decline in enrollment in Catholic elementary and secondary schools across the United States (Baker & Riordan, 1998; Bryk, Lee, & Holland, 1993; Youniss & Convey, 2000). Much of the discussion has centered on the financial condition of Catholic education in the United States (Harris, 2000) and its limiting factor to enrollment in Catholic schools. The question that this study will address is, "What are the current financial models of Catholic education?"

This study will attempt to define the current financial models, compare and contrast these models, and conclude with a discussion of the strengths, weaknesses, and future viability of the various models.

Please, take the time to fill out the survey by clicking the link below or cutting and pasting the link into your browser. The survey seems to work best in Internet Explorer but other browsers will work as well.

http://www.surveymonkey.com/s.aspx?sm=Cr_2b1U6Ox_2fVVS6JNL1c2aIw_3d_3d

Thank you for your time and patience with this process! If you have any further comments feel free to contact me at rkruska@msn.com or rkruska@oakdiocese.org.

Rick Kruska
Superintendent
Department of Catholic Schools
Diocese of Oakland
Doctoral Candidate, Loyola Marymount University

APPENDIX D: INSTITUTIONAL REVIEW BOARD APPROVAL

MEMORANDUM

December 5, 2007

TO: Richard Kruska
Ed.D. Candidate
School of Education
Loyola Marymount University

CC: Shane P. Martin, Ph.D.
Professor of Education and Dean, School of Education
University Hall
Loyola Marymount University

FROM: Birute Anne Vileisis, Ph.D.
Chair, LMU IRB Committee

RE: IRB Application for Exemption from Review to the LMU IRB Committee for the project entitled: "Financial Models of Catholic Education"

Dear Rick,

The LMU IRB Committee has recently reviewed your IRB Application for Exemption from Review for the project entitled: "Financial Models of Catholic Education." I am pleased to let you know that your application has been approved.

The effective dates of your approval are December 5, 2007 – December 5, 2008.

If this project is to continue beyond December, 2008, you must renew your project with the LMU IRB Committee prior to December, 2008. The renewal application must refer to the newly assigned number **LMU-IRB 2007- F 57**. Please retain a copy of this letter in your files as your official authorization.

Should any aspect of the proposed protocol change, please forward an amendment to the LMU IRB. Should any breach of protocol occur, please notify the LMU IRB within 48 hours. Please include the LMU IRB reference number on all correspondence.

The LMU IRB operates under NIH-OHRP Federalwide Assurance FWA00004214.

Best wishes for much success in your research project.

APPENDIX E: HUMAN PARTICIPANT PROTECTIONS CERTIFICATE

Human Participant Protections Education for Research Teams

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Human Participant Protections Education for Research Teams

Completion Certificate

This is to certify that

Rick Kruska

has completed the **Human Participants Protection Education for Research Teams** online course, sponsored by the National Institutes of Health (NIH), on 05/19/2007.

This course included the following:

- key historical events and current issues that impact guidelines and legislation on human participant protection in research.
- ethical principles and guidelines that should assist in resolving the ethical issues inherent in the conduct of research with human participants.
- the use of key ethical principles and federal regulations to protect human participants at various stages in the research process.
- a description of guidelines for the protection of special populations in research.
- a definition of informed consent and components necessary for a valid consent.
- a description of the role of the IRB in the research process.
- the roles, responsibilities, and interactions of federal agencies, institutions, and researchers in conducting research with human participants.

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5/19/2007

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