

School Choice Impact Upon a Parochial School Funding Model

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Introduction

A few years back I discovered an essay, “Why a Christian School for My Children,” written by Pastor John H.C. Fritz more than 80 years ago. It has helped me form an ideology for the mission and ministry of the Lutheran schools I have led. The following paragraph captures the essence of his thesis.

“Our Lutheran Church has never underestimated the great value of a good all-around education. Of the right kind of knowledge we cannot acquire too much. The years of childhood make up the formative period of life. Our boys and girls are our men and women of the coming years. Our future generation will be what our children are today: physically, mentally, morally, spiritually. The purpose of the Christian parochial school in our Lutheran Church is to provide our children with a proper and well-balanced ‘diet,’ to give them what they need for a proper healthy development of the intellect and the soul. To fit them for life.”

I believe that Pastor Fritz articulates a mission that helped establish the LCMS become a leader in parochial education decades ago. Today, that same purpose exists, perhaps with an even greater sense of urgency.

And while the need for quality Christian education grows more urgent with every widening crack in the moral foundation of our society, we are living at a time where the threats against the success of our schools loom large. Sustaining enrollment, government regulation, recruiting and retaining highly qualified staff, maintaining capital assets, and financial stability are all real and viable threats to thriving parochial education in America.

These threats lead us to areas that have not been part of our training as educational leaders. Marketing, development, third-source funding, enrollment management, and financial management all must be part of the “tool box” of a parochial school leader.

While the skills a Christian school administrator must possess may be changing, we must not become confused in our purpose for existing. More than at any other time in our

nation's history we need Christian leaders who confidently and consistently go into the world fulfilling the commission of Matthew 28:16-20. This requires a unified and strategic commitment to the mission and ministry of our Christian schools.

The purpose of this project is to explore the viability and impact participating in a government voucher program will have upon our Christian school, and if implemented, to develop a funding model that allows for a future preferred outcome. A non-negotiable is that the values and mission of the school must not be compromised.

School Description

Emmanuel - St. Michael Lutheran School (ESM) is an association school of the two congregations, Emmanuel and St. Michael. Both congregations are shared owners of the school and provide both funding support and facilities. ESM has a presence on both congregational properties as kindergarten through third-grade reside on the property of St. Michael, while fourth through eighth are at Emmanuel.

Historically, the school functioned as a place for member families to educate their children and the school was, and remains, a chief mission of both congregations. About three-fourths of our 350 students come from member families. The school is strongly supported in the life (and budget) of both congregations. Yet, recent trends show that the school budget is increasing at a faster rate than congregational funding can support. Thus, increases to tuition have resulted.

Even in these changing waters, ESM has been blessed with some years of plenty. Enrollment has grown each of the past 9 years to a modern day high of 350 students. This has been sustained by both healthy congregational growth and the enrollment of more non-member students who seek quality Christian education.

Another critical change agent to the future of enrollment and funding in Christian schools in Indiana is the School Choice initiative, adopted by the Indiana State Legislature in 2011. The potential to receive state funds for qualifying students presents both opportunities and threats to the mission and ministry of Christian schools.

Indiana School Choice

In 2010 Indiana adopted a voucher program called “Indiana Choice.” This revolutionary voucher system provides the opportunity for every student in Indiana that lives in a household where the income is within 150% of the free and reduced lunch schedule to receive a state funded voucher, even for Christian education. It is the most far-reaching school voucher program in the county.

To become a “Choice” school, a school must submit to a number of assurances. Participating schools must participate in statewide standardized testing, must promote citizenship, must not discriminate, and must follow the procedural and reporting guidelines of the program. While many of these assurances do not challenge the general operation of the school or values held, there is a strong potential for more intrusive requirements to be put into place.

In return, a participating school has the opportunity to enroll qualifying students and make them eligible to receive a state funded voucher up to the value of \$4,500. There are no demographic or geographic boundary requirements. Schools may continue to follow their own enrollment processes, but there are a variety of pathways by which any student from a financially qualifying household may receive a full or partial voucher.

One challenging piece of properly applying vouchers is defining the amount the student is eligible to receive. The way the State of Indiana chose to write the bill, makes it clear the voucher belongs to the student. Thus, while there are upper limits to the value a

voucher may reach, the State has used a phrase, “what the student would have been otherwise expected to pay” defines what the school should submit as payable. This puts to question any of the congregationally funded “discounts” that have been applied in the past.

The ESM Decision

After 2 years of deliberation and careful consideration of many factors alluded to above, ESM applied and became a Choice school. As planned, the initial participation in the program our first year was only 32 students. Due to the nature of the designed pathways to eligibility we expect that number to triple this fall. In a long-range projection, we could expect that nearly 1/3 of our student body may qualify under the current rules.

One of the greatest points of concern is the potential sweeping change to our funding model this program creates. Do voucher dollars replace the historical generosity the congregations have shown and all the forms of commitment and involvement they play in the mission and ministry? Does the significant reduction in out of pocket tuition that our parents may be required to pay change in any way the relationship to the school or parental involvement in education? How does an open door to the community affect our student body demographics, academic performance, student discipline, etc.? What would be the effect of the program disappearing after a period of time?

These, and many others, are the issues a school must carefully consider before involving itself in the entanglement a government program like school choice. In the end, ESM has chosen to hedge against some of the funding implications by taking a very conservative approach to the voucher dollars. Keeping an eye on the long-term, ESM is continuing to develop third source funding sources and has asked the congregations not to look at vouchers as a way to reduce funding commitments. Instead, ESM is seeking to improve

capital assets, build financial security in designated funds and endowments, and carefully manage the funds now available.

In the end, ESM's decision to participate was based on our value to support parents in their responsibility to "train up a child in the way he should go." We believe that if we can help parents who may otherwise not be able to afford the cost of Christian education, be able to find partnership with ESM, we are best meeting our school's mission. However, that decision opens the door for all the previously described challenges.

Outcomes and Analysis

Management of the Program: To participate a school must prepare to allocate significant time to manage the requirements. The paperwork to participate, properly enroll students, demonstrate pathway assurances and validate financial income levels was tedious just for our 32 students this year. Next year with nearly 100 students expected to qualify, we are allocating an addition 10 hours a week of administrative time to our bookkeeper to start the fall. We also were randomly selected this past year for an audit of our process and eligibility requirements. This required significant administrative time to complete. There are costs involved in being a choice school.

Further, the requirements of participation are skills and tasks not well suited for a school administrator. Collecting all required documentation of family income, completing family assurance forms, managing significant student files for choice eligibility are management nightmares. These tasks also can distract an administrator from other critical duties. A school should carefully consider how these responsibilities can be completed and ensure that proper and responsible staff are assigned the required duties. When government money is involved there is no room for the ministry interpretations of "grace" that are commonly found in a school administrator.

Enrollment: There is no doubt that accepting vouchers has brought ESM new students. It is not as simple as it may sound to identify specifically how many, as we likely would have found assistance in other forms for at least some. We have discovered that most inquiring families that believe they will qualify for a choice voucher still arrive through a traditional relationship. They have been referred by a member family, are already members of one of our congregations, or have known about our school, but previously thought they could not afford it. However, based on the enrollment trends of many other participating schools, it is generally assumed that school choice will deliver enrollment stability or an increase.

Funding: When there are competing values for limited funds, and in ministry there always are, it is more difficult than it may seem to not let a new funding source change the level of congregational support. While we have found support in the congregations for our adopted general philosophy, we expect to find greater resistance to maintaining congregational funds as the level of state dollars increases next year. The risk is that participation in the program is not guaranteed. A supreme court decision, change in state leadership, or intrusive assurances could jeopardize future financial viability if a congregation or tuition funding model is altered to far.

Future: ESM will continue to carefully monitor the status of the school choice initiatives in Indiana and participate as we see best fits our mission to students and families. We must maintain a clear focus on values while managing the entanglement with government regulations that accepting state funds bring. It is critical that a school leader surround himself/herself with board members and support staff that are like-minded in commitment to the ministry and have the skills needed to help fill the “tool box” of these changing requirements.