NOVEMBER 2020

Catholic Secondary Schools: Who is Growing and Why?

IMPORTANT LESSONS FOR THE ENTIRE INDEPENDENT SCHOOL FIELD

By: Dr. Harry Bloom

Measuring Success

Over the past five years some Catholic Secondary Schools have grown in enrollment while many others have experienced significant enrollment declines. Measuring Success has been privileged to work with a significant number of Catholic Secondary Schools in the arenas of comparative benchmarking and enrollment management. Based on that work we have developed some fact based observations about what factors are driving enrollment success and failure which we will share in this paper. These are certainly pertinent to Catholic Secondary schools, but also to the entire Independent School field.

Underlying our observations is a fundamental, research-supported belief that the key factor driving independent schools' enrollment success is having superior perceived value relative to tuition and to public and private school competition. Schools that do not demonstrate superior relative perceived value, decline in enrollment.

WHO IS WINNING THE ENROLLMENT GROWTH BATTLE?

Our analysis is based on a sample of thirty-six Catholic Secondary Schools from five regions of the U.S. Collectively, the schools enroll 23,000 students and have operating budgets in excess of $400 million. If we divide the schools into thirds based on their average annual five-year growth rates, we find the following pattern: the schools in the top ⅓ experienced a range of average annual enrollment growth of between 0.4% percent per year to a formidable 13.5% per year, with median school growth of 2.9%. The lowest 1/3 of schools from an enrollment growth perspective experienced average annual growth of between -2.9% and -14%, with median school enrollment decline of -4.2%. (see Figure 1)

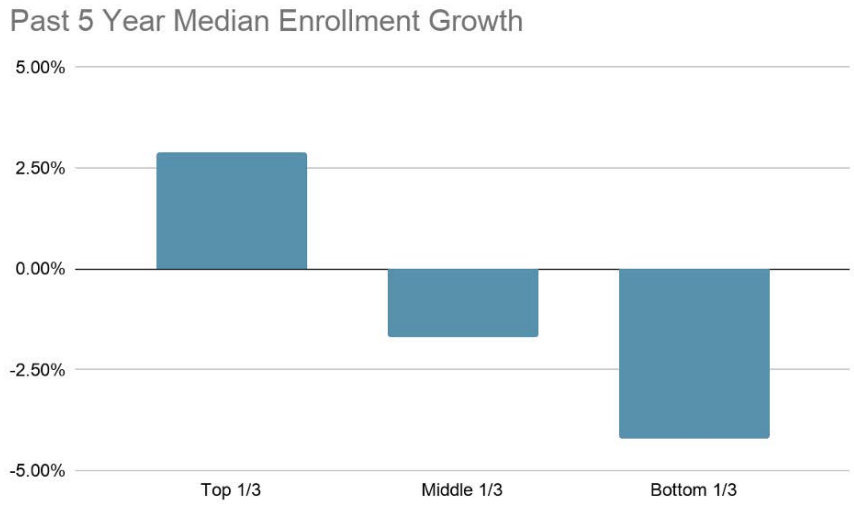

Figure 1

Size was not a differentiator as median enrollment for the top, middle and lowest 3rds of schools was 459, 696, and 457 respectively. There were, however, decided differences in the profiles of the growing schools versus those that were declining in enrollment. The tuition levels among the three groups were drastically different. First, the schools winning the value proposition battle and growing the most had tuition and operating cost per student levels twice those of the declining schools. (see Figure 2)

Moreover, while the growing schools offered need based tuition assistance to just over 30% of their students, the comparative rate among the middle and bottom 1/3 of schools was roughly 40% of students.

This is not to say that lower tuition schools are not included in the growth cohort. They comprise ¼ of it. But the majority of the fastest growing schools --the schools that have demonstrated the ability to achieve market acknowledged superior value propositions--have tuitions above, and in some cases, well above, $20,000. *In fact, their results suggest that higher tuition, properly focused on investments that improve a school's relative perceived value, is an enabler of growth - not a disabler of it.*

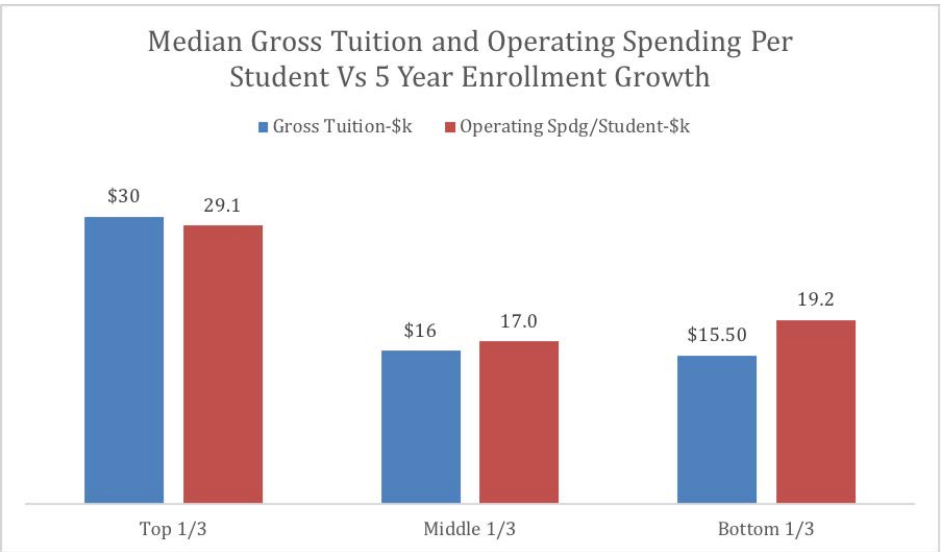

Figure 2

How to explain this phenomenon? Using the fundamental premise that perceived relative value proposition drives enrollment growth, what seems to be happening is that schools that are higher cost and investing more in their educational experience are outperforming the competition more effectively than schools with lower tuition and lower investment in their educational experience. The relatively greater enrollment success of higher cost, higher investment Catholic secondary schools makes sense in light of what we are seeing on the ground in many communities. Specifically, we are seeing the need of private schools to deliver and communicate superior value in the face of heavy investments in competing specialized magnet schools and neighborhood public high schools that fund specialized curricula and expert teachers, enhanced AP offerings, IB certifications, enhanced college guidance, and improved academic and sports facilities and offerings.

THERE IS MORE AT PLAY HERE THAN JUST TUITION

But there are other key differences at play as well. We see the growth schools outperforming their negative growth peers on a number of other critical dimensions, beyond tuition, that enable enhanced strategic value. For example, they seem to be engendering greater philanthropic support from core constituencies--which helps further fuel their program investment capability--and have significantly higher participation in their annual campaigns. (see Figure 3)

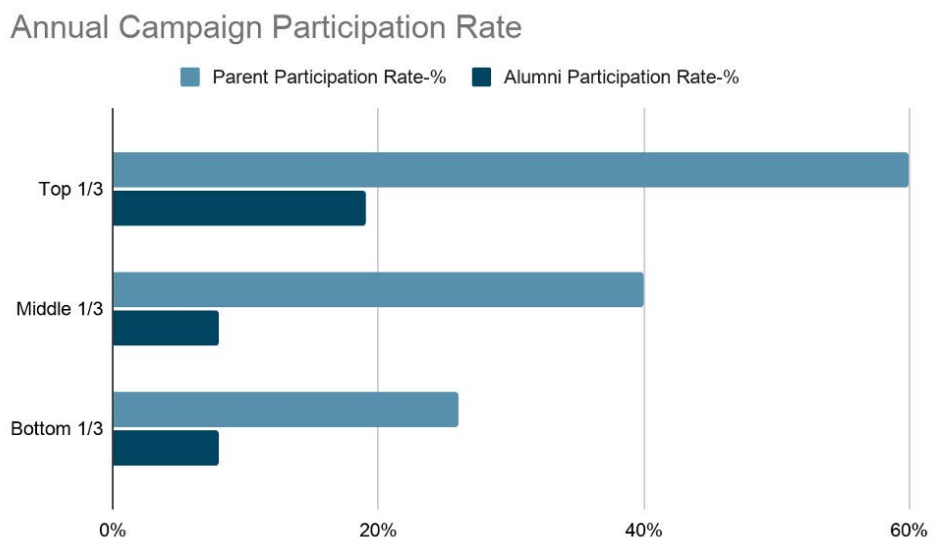

Figure 3

Spending Money Where it Increases Perceived Value

Moreover, from an efficiency standpoint, they are proportionately leaner from an administrative staffing standpoint, and have higher student to administrator staffing ratios. Even more importantly, they appear to be investing more heavily in educational staff in relationship to students by having significantly lower student to faculty ratios. Thus, they are focusing investment away from areas less valued by parents and students and more toward one of the highest parent and student school choice priority areas: a first rate faculty able to individualize instruction and attention to meet student needs. (see Figure 4)

One final contributor to enrollment growth schools' ability to invest in achieving outcomes that matter to current and prospective families and students is the fact that they are spending proportionately less on purchased goods and services than schools declining in enrollment. Despite their overall significantly higher operational spending per student, their per student expenditures in these areas--less central to the school's value proposition-- are actually in line with those of the slower growing schools. Again, the growth schools are investing their money where it is going to make a discernible value proposition difference. (see Figure 5)

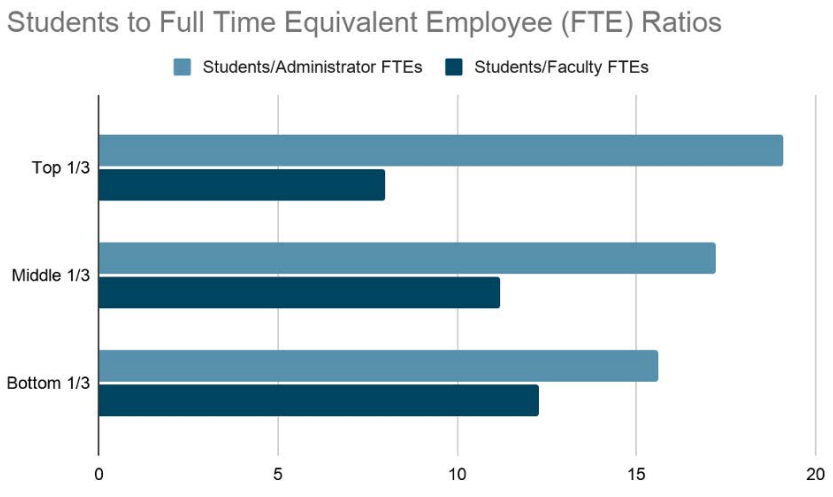

Figure 4

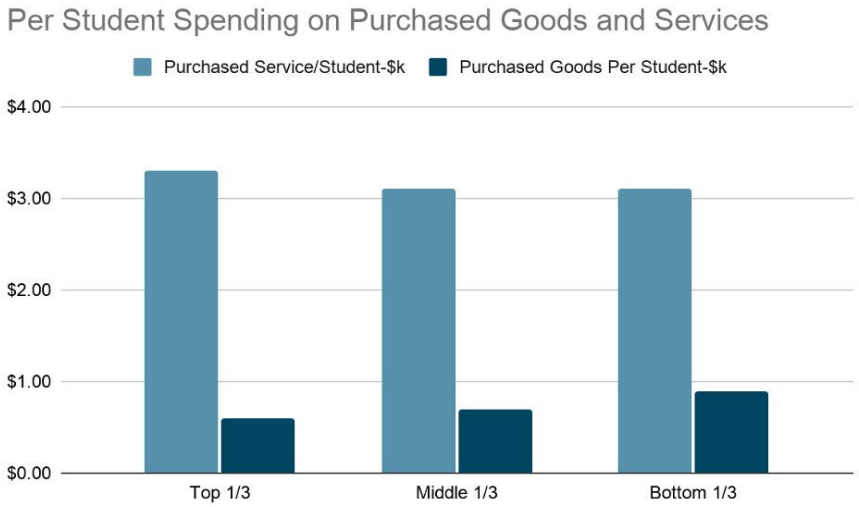

Figure 5

The Bottom Line for All Schools

So, what does our review of growing schools reveal? It suggests that faith based and independent schools that charge higher tuitions are able to achieve superior value proposition relative to the competition-- which includes quality public schools. But the data also show that lower tuition schools can also achieve this, as one-fourth of the top tier growth schools have lower tuition levels. Furthermore, our analysis also indicates there are important resource allocation "levers" that schools at every tuition level can "pull" to maximize their value proposition.

- One is to increase annual campaign participation by key school constituencies so that non tuition revenues in the form of donations are maximized.
- The second is to ensure that spending on administrative staff -- versus faculty-- and on purchased goods and services are kept as lean as possible, so that investments in teachers and in low student to teacher ratios can be maximized.

Managing resource allocation in order to maximize a school's relative perceived value is a critical pathway for every school--no matter its tuition level-- to use in order to maximize its enrollment.

In Measuring Success' experience, a disciplined, regular use of comparative operational and financial Benchmarking to inform financial planning is the best way for a school to ensure it is making conscious resource allocation choices that maximize its perceived value in the marketplace. We are proud of the work we have done with schools including Greenhill School, St. John's Preparatory School, Cretin-Derham Hall, and Holy Family Catholic High School to utilize benchmarking to promote active resource reallocations in support of superior value propositions. If you would like more information on how your school can avail itself of these and other enrollment growth-related services, please contact Dr. Harry Bloom at harry.bloom@measuring-success.com, 202-684-7024.

About Dr. Harry Bloom
Dr. Harry Bloom is the Senior Vice President, Client Solutions, at Measuring Success. In his independent school work, Dr. Bloom has developed and implemented a number of marquee programs, including the Atidenu Recruitment and Retention program, the Recruitment and Retention Academy, the Governance & Fundraising Academy and a plan for Financial Benchmarking and Financial Reengineering. These programs have helped well over 100 independent schools enhance revenue, increase efficiency and strengthen their sustainability. Dr. Bloom has been a featured presenter at conferences for the National Business Officers Association, the Independent School Association of the Central States, the New York State Association of Independent Schools, and the California Business Officers Association.