



OPENING MINDS TO CLOSING THE FUNDING GAP

Addressing the Financial
Sustainability of WELS Schools

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Open Minds → Closed Funding Gap

AGENDA

- Examine the Current Reality
- Explore Options
- Interact with Stats
- Tackle the Change

ADKAR
LEWIN

Unfreeze

Change

Refreeze

Awareness → Desire

Knowledge → Ability

Reinforcement

- Form a group of 4 (assign each person a number 1 through 4)
- Name
- Where you serve?
- How long you have served there?
- In what capacity do you serve?
- What is the largest body of water on which you have boated?



“ In calm water every ship has a good captain. Rough waters are truer tests of leadership. ”

— Swedish proverb



Metaphor for Past Congregational Change Efforts



Smooth Sailing



Women and Children First

Where would past change efforts in your congregation be placed on this continuum and why did you place it there?

Isaiah 55:11

11 so is my word that goes out from my mouth:
It will not return to me empty,
but will accomplish what I desire
and achieve the purpose for which I sent it.

God's Word always works

Courtesy of Seth Fitzsimmons St Paul Muskego

Open Minds —————> Closed Funding Gap

Current

Many schools are underfunding their programs because of low tuition and high demands on church contributions

ADKAR
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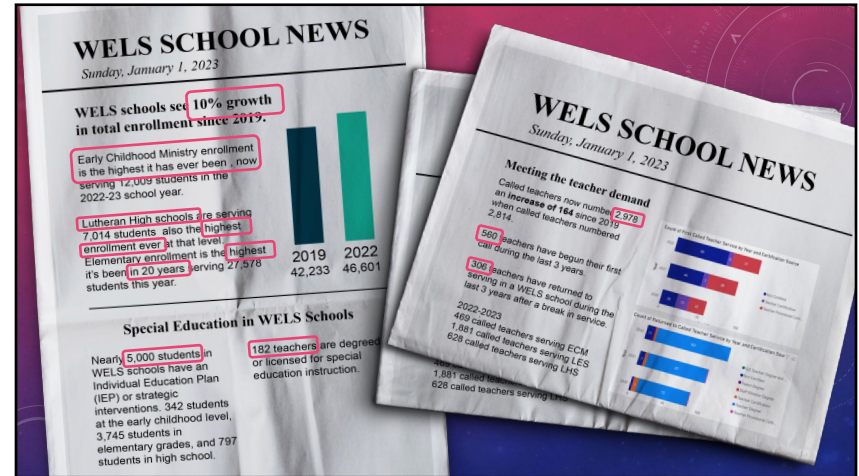
KEY FINDINGS: SWOT

Schools have what parents are seeking

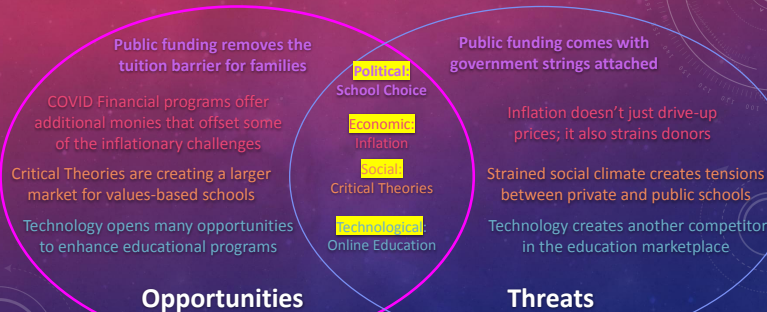
Schools often dismiss business models when making financial decisions

Strengths

Weaknesses

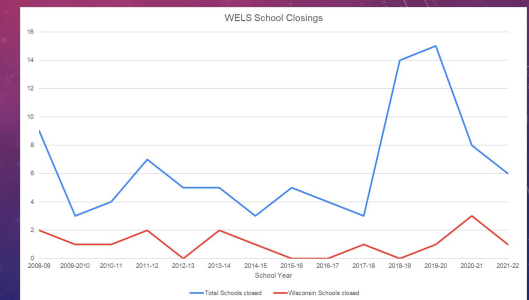
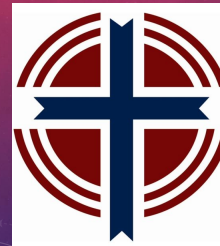


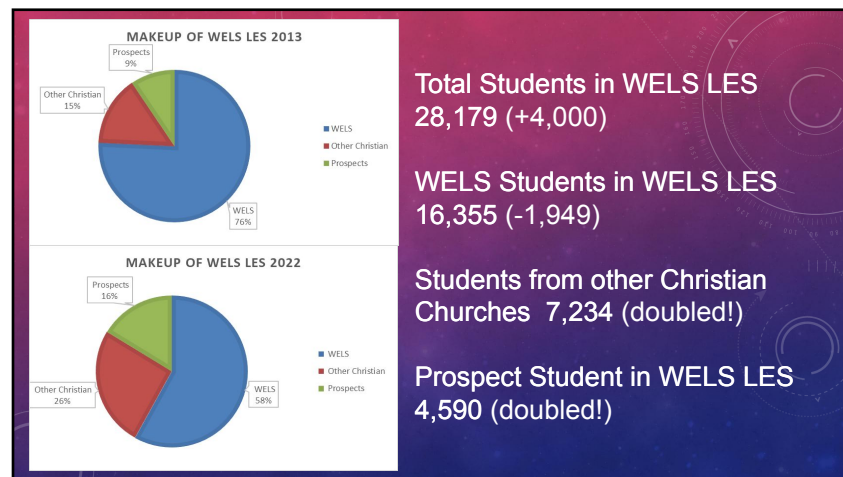
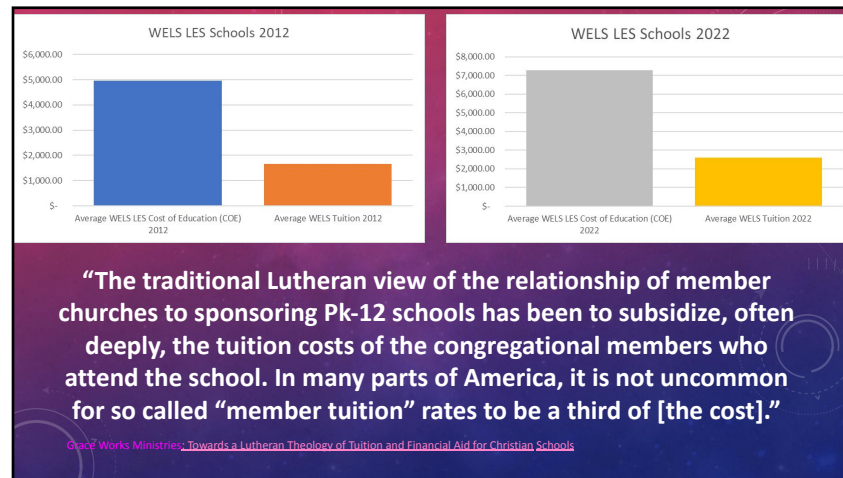
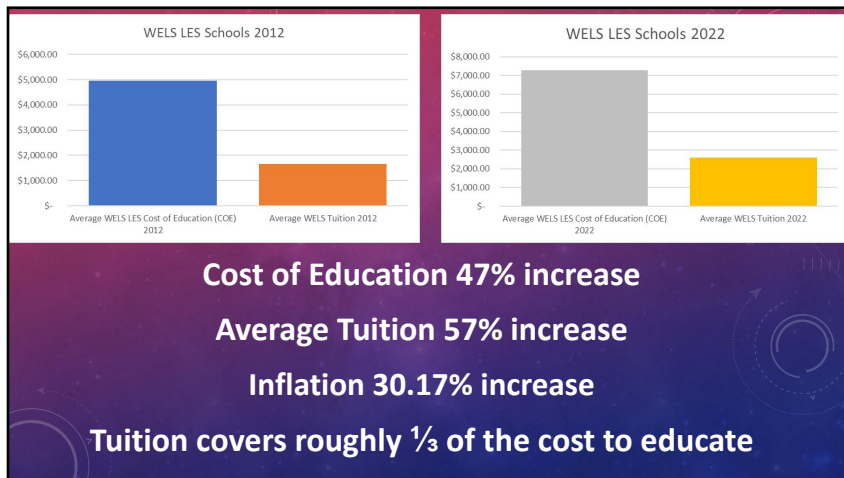
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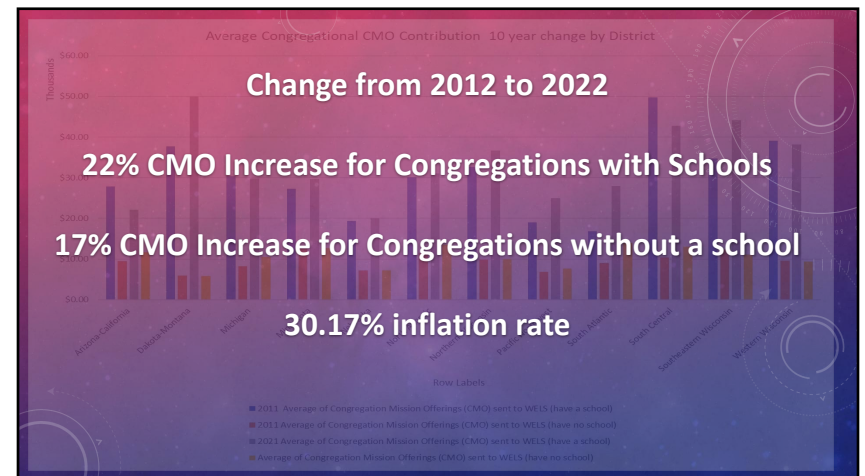
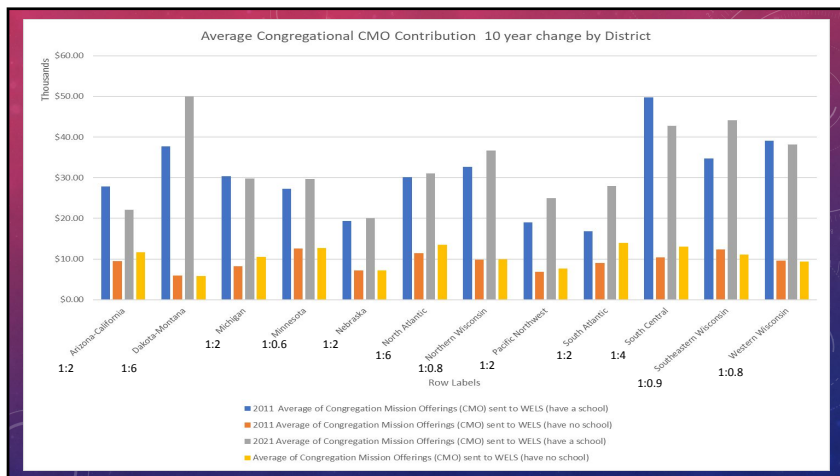
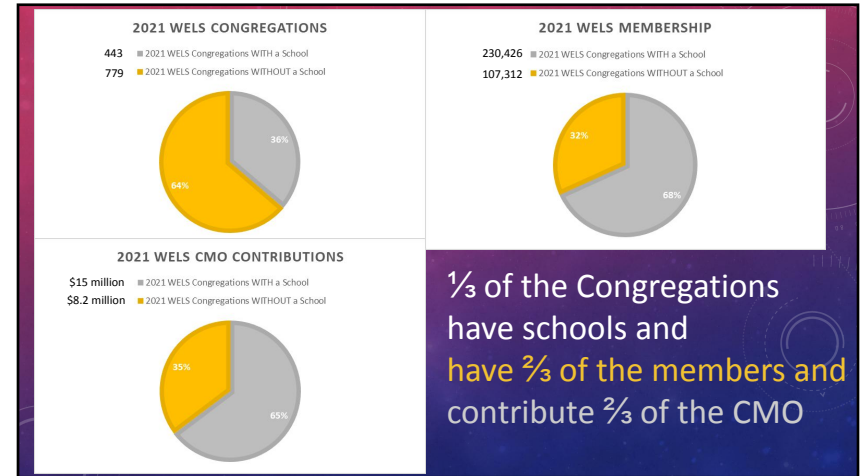


1995 – 402 – 31,000+
2022 – 284 – 27,000+

70% 75/52







Barriers to Overcome

- Feelings of Failure
- Institutional Inertia



“People seek solutions to new problem in the same place where they found the old ones. . . Instead of responding creatively, people increase their commitment to their old patterns. They implement the most ingrained natural response.”

Robert E. Quinn, *Deep Change* (1996) p.54

Barriers to Overcome

- Feelings of Failure
- Institutional Inertia
- Paradigm Shift
- Pursuing excellence is difficult (and expensive)



“When the rate of change inside an institution becomes slower than the rate of change outside, the end is in sight. The only questions is when.”

Former General Electric CEO Jack Welch

A school has one foot in the church and one foot in the world.

God's Word provides the direction

Answerable to stakeholders

Offerings fund our ministry

Schools are transactional

We are ministering to souls

We must maintain a learning climate

Focus on Christ

Focus on Reading and Math

Nurture the church's children

Serve the community we are in

Church

World

SURVEY SAYS

WELS/ELS School Financial Sustainability Survey

75

Many different factors influence the sustainability of schools: political climate, socio-economic variability, personnel, age of school buildings, location, and more. The questions in this survey focus on school finance practices and will be used to create guidelines and resources for our Lutheran schools. Your input helps to set the direction for those guidelines and resources.

School Data

Thank you for providing this data that will be helpful in categorizing the responses!

Name of Principal *

Your answer

Email of Principal *

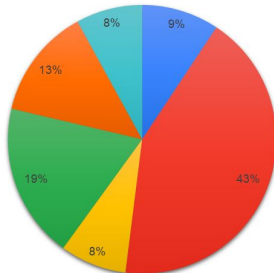
Your answer

Number of

2022 All WELS Schools

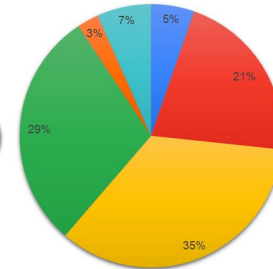
2022 Sustainability Survey

How would you describe your current funding model?



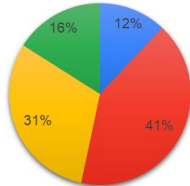
- Primarily congregational support
- True shared cost between tuition and congregation
- Almost completely funded outside of the congregational budget
- Shared cost with the congregation bearing most of the cost
- Shared cost with tuition bearing most of the cost
- Completely funded outside of the congregational budget

Rate your impression of your ministry's sustainability:



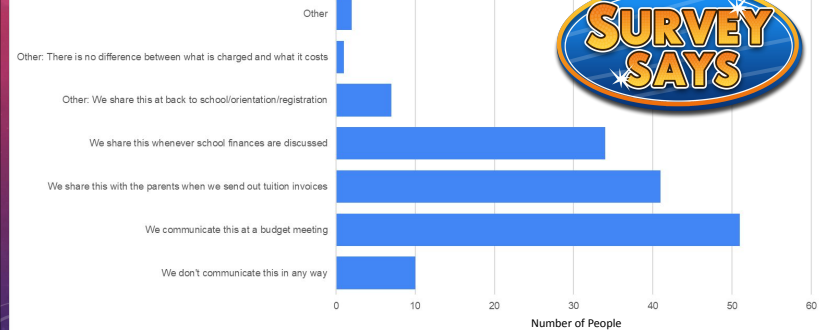
- School will close without some change
- School funding is maintaining the status quo
- School needs more money support to its current program
- School has the resources needed to move the ministry into the future
- Between maintaining and has the needed resources
- Becoming ever more reliant on Choice funds

Rate your impression of the philosophy for support of the ministry at the school

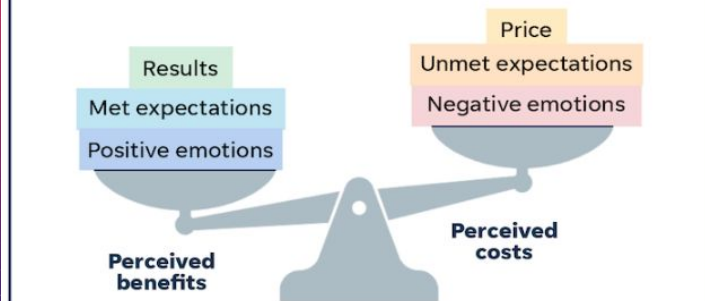


- Since the school is a ministry it should be low or no cost
- Less than half the cost of educating a student should be covered by tuition.
- Between 50 and 80% of the cost should be covered by tuition.
- The people using the school should pay for the cost of educating their children.

How does your ministry communicate the financial value of the education families are receiving? (out of 75)



Perceived value



School Choice Requirement

Spend \$8,046 per child for our 179 students
 (173 FTE) = \$1,391,958
 Receive from state = 143 x \$8046 = \$1,150,578
 Average Tuition received from families =
 \$1,200 x 27 = \$32,400
 Needed additional income =
 $\$1,391,958 - (\$1,150,578 + \$32,400) = \$208,980$

Impact of Low Tuition

Because of discounts, we average \$1200 income from 27 students.

This generates \$32,400.

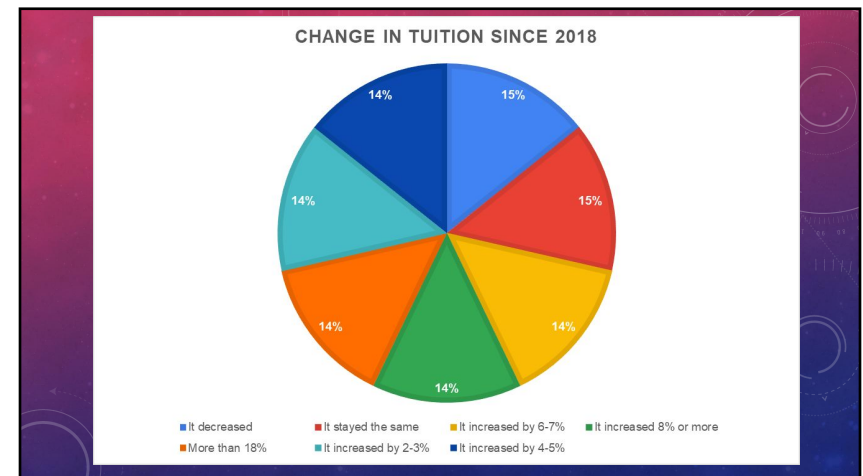
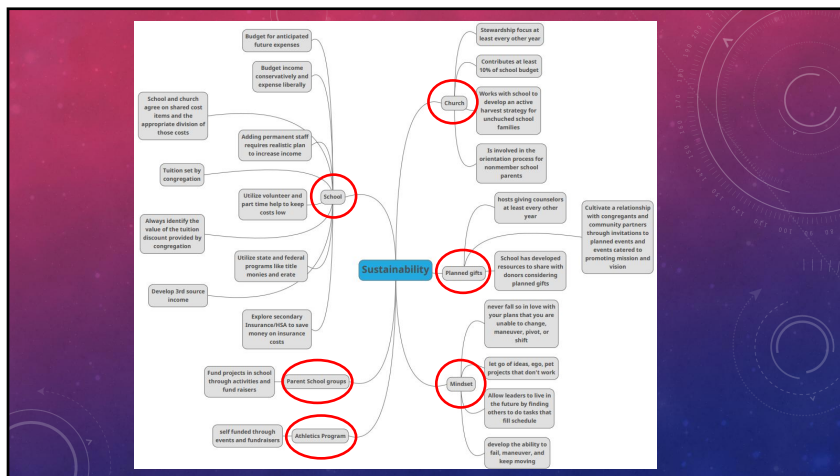
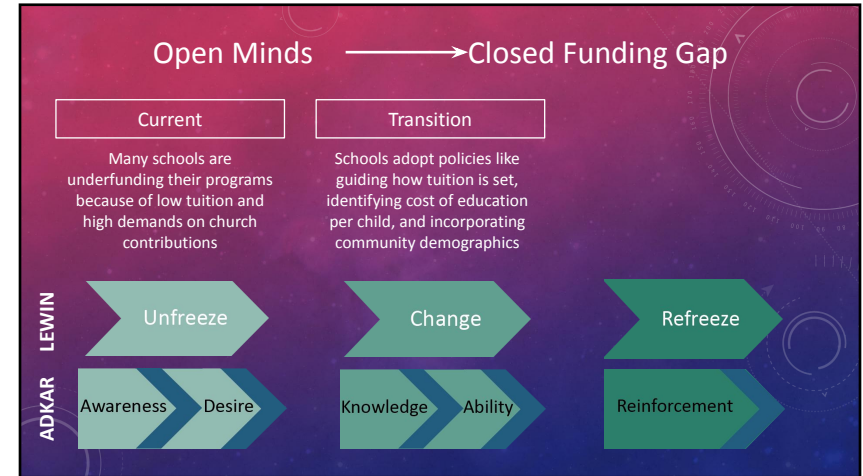
We are required to spend \$8,046 per student

This means tuition generates \$184,842 (\$217,242-\$32,400) less than what we need.

Trinity -

\$3,115 (16-17 data)

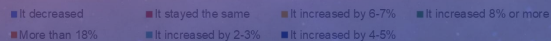
from the conf...



CHANGE IN TUITION SINCE 2018

The US dollar has lost more than 15% of its value since 2018.

Average inflation rate has been 3.4% over 5 years or 18.14%



Rethinking - Tuition Philosophy

Our current tuition model...

1. Asks the same tuition of all, not a proportionate response.
2. Gives tuition assistance (about \$3500 per child), not to the poor and needy, but to everyone, regardless of need.
3. Can lead parents to see Christian education as a commodity that they are trying to find at the lowest cost. As a result our congregation and area congregations tend to set tuition (the cost of the commodity) far below education costs to the detriment of long-term sustainability of the entire WELS school system.

Courtesy of Seth Fitzsimmons St Paul Muskego

Three key principles as we consider a new philosophy of tuition

1. God calls upon us to give proportionately. This is the heart and core of stewardship training to our entire congregation, not just school parents.
2. God calls upon us to help the poor.
3. Tuition can be viewed as part of a family's proportionate support of gospel ministry, a gift willingly given in response to what God has given to us.

Courtesy of Seth Fitzsimmons St Paul Muskego

Practically speaking (with a \$6,500 cost per student)

Sample Family 1

- One child enrolled
- Family income of \$100,000
- Applies for TADS financial aid
- Receives a tuition grant of \$1,000
- Gets tuition agreement of \$5,500
- In 2018-19 they had \$1,500 in church offerings + \$2,790 in tuition =
 - \$4,290 annual total support of gospel ministry (4.29% of income)
- This system would be asking this family to ...
 - 1) Increase ministry support from \$4,290 to \$5,500 (a 1.2% increase)
 - 2) give their entire offering through TADS

Sample Family 2

- Two children enrolled
- Family income of \$100,000
- Applies for TADS financial aid
- Receives a tuition grant of \$7,000
- Gets tuition agreement of \$6,000
- In 2018-19 they had \$7,500 in church offerings + \$2,790 in tuition =
 - \$10,290 annual total support of gospel ministry (10.29% of income)
- This system would be asking this family to...
 - 1) Keep same annual ministry support (10.29%)
 - 2) Give \$6,000 through TADS
 - 3) Give \$4,290 through offerings

Courtesy of Seth Fitzsimmons St Paul Muskego

Rethinking - Setting Tuition



Traditional Budgeting

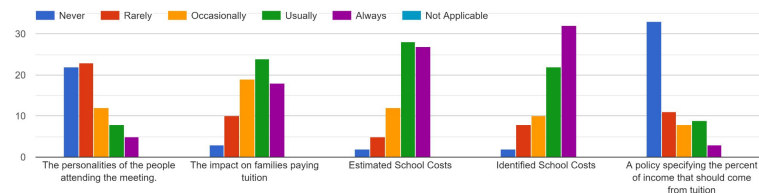
- Identifying needs and expenses
- Set Tuition
- Tuition INCREASES necessary to expand program and staff and sustain small class sizes and competitive salaries

New Normal

- Determine tolerance for Tuition Increase:
 - Economic Assessment of the community's capacity to pay
 - Demographic study projecting how many families have that capacity to pay
 - Assessment of the school's enrollment strength in the marketplace.
- Set Price and determine income
- Evaluate expenses to determine the possibility of non-tuition revenue increases or cost decreases

[NAIS Game Changing Model](#)

How often do the following factors impact the setting of tuition?

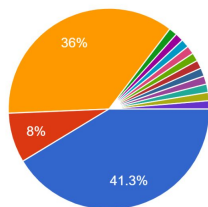


Needed Policies/Practices/Procedures:

- Cost of Education
- (Non Voucher Areas) What percentage of income should come from tuition?
- Market and Demographic Study (MissionInsite)

Are tuition discounts given to families funded by a source of money or is the amount of tuition charged to the family just reduced?

75 responses



Indexed Tuition



- 85% of Families receive some sort of financial aid (FAFSA)
- Average WELS LES Cost of Education - \$7,285
- Average Non-Member Tuition for WELS LES - \$4,159 (\$3,126 subsidized!)
- Average Member Tuition for WELS LES - \$2,604 (\$4,681 subsidized!)

[Indexed Tuition Basics](#)

Indexed Tuition Barriers



- Mission
- Mostly Vouchers
- Debt Ratio
- Competitive Market
- Not Needed/
Finances are stable
- Not Fair
- Funding Financial Aid
- Administration
- Privacy
- Unfamiliar Change
- Inertia/History
- Duty

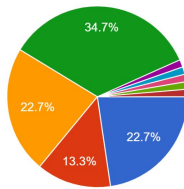
“The sustainability conversation often omits the single most important question any school must ask: what makes our school’s educational experience relevant, valuable, and transformative for students?”

[Greenwich Leadership Partners](#)

Ministry Balance

To the best of your knowledge when was the last stewardship drive run by the congregation?

75 responses

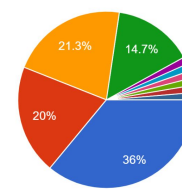


- I don't recall a specific stewardship drive being done.
- 5 or more years ago
- 3 or 4 years ago
- In the last 1 to 2 years.
- Current
- We have a stewardship committee for...
- We actively encourage the congregati...
- every year
- Annually - after congregation adopts a...

Ministry Balance

To the best of your knowledge, when was the last time a Christian giving counselor was invited to the congregation?

75 responses



- I don't recall a planned giving counsel...
- 5 or more years
- 3 to 4 years
- 1 to 2 years
- We have a planned giving counselor s...
- I am too new during COVID to know w...
- I don't recall a planned giving counsel...
- We have one in our church

▲ 1/2 ▼

PERFECT WORLD

Everyone in the church and school gives a strong proportionate offering and there's no need for tuition.

#2

PERFECT WORLD

Church offerings are proportionately strong and everyone in the school sees their tuition as a part of their proportionate gospel ministry support and are willing to support a cost-based, variable, family individualized tuition.

Courtesy of Seth Fitzsimmons St Paul Muskego

Surfers on the Sustainability Cutting Edge:

- Build a fund to cover all summer expenses
- Build a rainy day/contingency fund
- Fund your financial aid awards
- Fund your depreciation

Category	Percentage
No Budget; Special gifts needed	33.3%
Unspent Money from Budget saved	25.3%
Small amount set aside not based on actual costs	10.7%
Depreciation plan made; strive to fund	6.7%
Depreciation plan made; fully funded	2.7%

Final Thought

Since God's Word always works, we do, too!

Romans 12:11

11 Never be lacking in zeal, but keep your spiritual fervor, serving the Lord.

benefits)

0 years?

Restonwood Christian Academy

Open Minds → Closed Funding Gap

	Current	Transition	Future
	Many schools are underfunding their programs because of low tuition and high demands on church contributions	Schools adopt policies like guiding how tuition is set, identifying cost of education per child, and incorporating community demographics	Schools are sustainably funded through improved funding practices appropriately divided among the stakeholders
LEWIN	Unfreeze	Change	Refreeze
ADKAR	Awareness → Desire	Knowledge → Ability	Reinforcement

Incorporating Change Management Strategies

- Tie change to the purpose of the organization
- Provide training and support through the change process
- Present strong rationale so independent minded organizations will buy into the change
- Offer strong models for the formalization of the change

SUMMARY

- Financial Sustainability is a challenge that most are hoping will go away
- Institutional Inertia can be overcome with
 - Awareness
 - Success Stories
 - Consulting
- Re-examine your financial practices and philosophy in order to increase the likelihood of sustainability

Congregational Change Efforts



Smooth Sailing



Women and Children First

How can your congregation facilitate smooth sailing?

God's Word always works

2 Corinthians 5:14-15

14 For Christ's love compels us, because we are convinced that one died for all, and therefore all died. 15 And he died for all, that those who live should no longer live for themselves but for him who died for them and was raised again.



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