



# **Why so Many Lutheran Schools are Struggling**

(And How to Stop the Bleeding)

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## Executive Summary

Far too many LCMS grade schools are struggling to recruit students, cut costs, and make ends meet. Often, congregations are straining under a heavy subsidy level that is increasing each year. Competition from other schools and the impact of the local economic climate make tuition increases problematic.

Instead of accepting a long, slow decline toward collapse, there are creative options for helping struggling schools remain open and financially viable. However, positive change requires bold action on the part of church and school leaders.

## Too Many Lutheran Schools are Struggling

One of the most difficult experiences for any congregation is making a decision to close its school; especially if it has a long history and rich heritage. Many older members have likely sent their children to that school and may even be alumni themselves. For most congregations, members feel strongly about supporting the school and keeping it going—no matter what.

The decision to close a school has some much potential for conflict that usually no bold moves are attempted at creative change. Schools continue to serve fewer children and the congregation continues to increase the amount it is spending to subsidize operations. This pattern often continues for years until the congregation literally runs out of money. At this point, leaders are forced to close the school and they explain this action by saying, “We had no other choice.”

Before the point of closure, however, congregations have lots of opportunities to make other choices. Instead, for various reasons, leaders tend to wait until it is too late.

The LCMS has over 880 elementary schools nationwide (based on 2013-2014 statistics). The average class size nationally is 14 students. This means approximately half of all elementary schools have classes with less than 14 students. Many struggle with classes in the single digits. It is extremely difficult to run a fully staffed school with low enrollment. This is why so many Lutheran schools are struggling.

Here are some common symptoms of schools that are struggling:

**I am afraid that the schools will prove the very gates of hell, unless they diligently labor in explaining the Holy Scriptures and engraving them in the heart of the youth.**

Martin Luther

- The school is heavily subsidized by the congregation
- Enrollment has been in a slow decline for years
- Other Lutheran churches are sending fewer children
- Competition from other private schools is increasing
- Leaders are reluctant to make bold moves for improvement
- New teachers are reluctant to accept a call
- The board is afraid to raise the current tuition level
- The school cannot afford to hire a recruitment director
- Parents feel financial pressure from the Great Recession and the local economy

These struggling schools used to be a wonderful feature of their congregations. How did it come to this?

## The Traditional Lutheran School Model

Lutheran schools used to be tuition-free for members. In the early years of the Synod, congregations were encouraged to build a school. Often, these were one-room or two-room schoolhouses. The purpose was to protect children from the influences of the world. Through their tithes and offerings, parents supported the school while their children were young and then continued supporting the school for the next generation. This system was built on loyalty.

Then society changed.

Today, parents join a congregation when their children are young in order to qualify for the tuition reduction offered to members. The seats are offered to members first. If there are any left over, then seats are made available to other families outside of the congregation.

**Children today are tyrants. They contradict their parents, gobble their food, and tyrannize their teachers.**

Socrates (420 BC)

In addition, the congregation subsidizes the cost of educating each student. The national average for LCMS schools currently is 20%. This means the subsidy in struggling schools is more than 20% of the total cost per student. Parents tend not to support the school additionally through their tithes and offerings. When their own children graduate, all too often they stop coming to church or choose to attend another church in the community. Parents do not continue to support the school for the next generation.

The traditional Lutheran model was built on loyalty. But parents are not as loyal as they used to be years ago. Today, parents are consumers.

They want the best education for their children at a price that represents a good value.

Lutheran schools are struggling because they are trying to make the traditional model of Lutheran schools work in a society that has radically changed. In order to respond to this change in society, congregations need a different model for Christian school ministry. But schools do not change easily.

## All Congregations with Schools are Systems

Whenever you try to change a complex social system, the system will push back. Systems in a state of equilibrium tend to resist change. Systems in decline tend to stay in decline. This is why it is difficult to make major changes in a typical Lutheran school.

For example, let's suppose a struggling school wants to make a simple change such as raising tuition to cover the full cost of operating the school and charging the same rate to both members and nonmembers. The new tuition amount is not a difficult number to calculate. You simply add up all of the costs and divide by the number of students. But consider the layers of resistance this action will encounter:

- Parents object vociferously and claim the church is not supporting the school
- Board members who are school parents want the tuition to remain low until their own child graduates
- Board members are genuinely concerned for church families who cannot afford to pay full tuition
- The principal is afraid the school will price itself out of the market and lose too many families
- Leaders are afraid that older members who give generously will get upset with any major changes in the school
- The pastor is trying to balance the inherent tension between the church side and the school side of the congregational system
- Older members want to financially support the traditional Lutheran school model "just like we always have"
- Public school parents in the congregation do not want to subsidize tuition for Lutheran school parents

- The church has a desire to reach out to low-income families in the community
- Consumer parents want the best deal they can get

Some changes, like tuition level, are easy to figure out, yet messy to implement. Fear of conflict can immobilize congregational leaders. So, leaders tend to tweak the traditional model by making small changes and hoping for the best the next year.

If your school is struggling, you need to make some bold moves.

There is no reason why a Lutheran school needs to be subsidized by the congregation. The best schools in the synod operate on a break-even basis. There is no reason why a school needs a separate class for every grade if enrollment will not support it. There is no reason for a called teacher to be grossly underpaid. All of these issues can be solved if people will let go of the old system and all together move to a better system.

Here are some bold moves to help your school be more effective and remain viable.

## 1. Fix the Governance Structure and Process

Usually, a school has its own board that is separate from the church council or board of directors. If there are separate boards that operate at the same level of authority, then a structural trap for conflict can easily occur. For example, often the finance board wants to raise tuition and the school board wants to keep it the same. There are two ways to resolve this common problem. Merge the church board and school board into a single board or organize the school as a separate 501c3.

The single board solution means one governing body over both the church and school. State regulations often require a school to have a board. In this case, the board of the church is also the board of the school. This change alone can resolve a lot of conflict and tension between the church and school and allow healthy change to occur.

The separate 501c3 solution means the school will have its own board and its own budget. It will be responsible for governing itself. School associations function this way when they incorporate as a separate entity with several member congregations.

School boards can easily get mired in the operational details of the school instead of remaining focused on a strategic level. This tends to happen more frequently when parents of current students serve on the board. They hear about something going on at school and then bring it up in board meetings instead of dealing directly with teachers and the principal.

**Management works in  
the system;  
Leadership works on  
the system.**

Stephen R. Covey

When asking school parents to serve on the school board, they have a real conflict of interest. They have a child attending the school they are overseeing. All conflicts of interest have to be disclosed. Even if they are disclosed, this can lead to bad decisions by the board. When it comes to raising tuition, a board filled with parents will tend to vote no. Instead, recruit parents of alumni who are concerned about seeing the school thrive for the next generation.

When it comes to overseeing a school, board members should distinguish between governing policies and operating policies. Governing policies are developed by the board to provide strategic direction and boundaries for the school. Operating policies are developed by the principal to serve as rules and guidelines for parents, teachers, and students. These are sometimes call “school policies.” One easy example is dress code for students. The board should not be involved in details like this. The board does not need to approve the school policies developed by the principal and teachers. They should just want to make sure the principal has effective school policies in place.

A more strategic question for the board is to decide which Christian school model is most appropriate for their particular situation.

## 2. Select the Most Appropriate Christian School Model

In the LCMS, there are three different models in use today for operating a Lutheran school. These are the *parochial model*, *private model*, and *alternative model*. Each model has its own set of rules for effective implementation. Contrasting these models will help you select the one right for your situation and then implement it well.

**Parochial:** The parochial model is focused on serving member families. The congregation wants to provide a faith-based environment to nurture their children and keep them safe. Tuition is often heavily subsidized by the congregation to encourage members to invest in

Christian schooling for their children. Members are allowed to sign up first. If there are open seats, then these are made available to other Christian families at a slightly higher tuition rate. Teachers tend to be underpaid compared to public school counterparts. The key limitation of this model is that parents need to be loyal to the church and school and continue to support the school after their children graduate.

**Private:** The private model is focused on serving several Lutheran congregations as well as the wider Christian community. They want to provide a school that offers the highest level of academic preparation. Tuition tends to be the same for member families and families from other churches. Teachers tend to be paid well in order to attract the best teachers, who in turn attract more students. Qualification for financial aid is administered by an independent, third-party service. The key limitation of this model is that the school must cater to wealthier families.

**Alternative:** The alternative model includes launching a charter school, applying for inclusion in a voucher program if available, or creating a magnet school with a special emphasis such as STEM or music and the arts. Overwhelmingly, these schools tend to be located in and focused on an underserved community. These schools can be for-profit or not-for-profit. Tuition is paid by the government. For obvious reasons, this is the fastest growing model nationally. Teachers are typically paid at the same scale as public school teachers. Financial aid is not needed.

Sometimes congregations will design a wrap-around program including breakfast and activities before school together with a faith-based after-school program. The key limitation of this model is to closely adhere to all state and federal regulations regarding separation of church and state.

For every school, the challenge is to pick the model that is right for you and then play by the rules of that model. None of these models require that the congregation subsidize the school if enrollment is adequate and the school is well-managed.

Instead, what I often see is a congregation that has one foot in the parochial model and one foot in the private model. They want a distinctively Lutheran, faith-based environment for their children, but are also open to unchurched families sending their children, offering the highest level of academic preparation, affordable for low-income families, and with small class sizes.

**If you think education  
is expensive, try  
ignorance.**

Derrick Bok

This is why so many Lutheran schools are struggling.

### 3. Address Minimum Class Size

Across the board, parents strongly prefer smaller class sizes assuming that their child will receive more individualized attention from the teacher. Knowing this, schools that are under-enrolled publicize small class size as a benefit. Public teachers unions also fight for smaller class sizes so their members are not overworked. However, small class size is an expensive option.

Class size has been researched for years and the evidence is conclusive. Class size has no relationship to student achievement. There is a slight correlation for grades K-3, but this is overwhelmed by the skill level of the teacher in the classroom. In other words, smaller classes make no difference in the quality of education a child receives.

A child in a big class with a good teacher is going to achieve more academically than a child in a small class with a mediocre teacher. Everything boils down to the capability of the teacher in the classroom.

The average class size in public schools nationally for grades K-8 is 24 students. The average class size in LCMS schools for grades K-8 is 14 students (based on 2010-2011 statistics). If this is the national average, this means that half of the schools are operating with class sizes of 13 or fewer. It is extremely difficult to run a fully staffed school with 13 or fewer students enrolled in each class without being subsidized.

**As long as teachers give tests, there will always be prayer in schools.**

Unknown

Successful schools have figured out what their minimum number of students is for offering a class and they are disciplined about hitting that number. In college, most of us remember signing up for a class that was cancelled because it didn't "make." This is shorthand for the class not having enough students to be cost effective. This same kind of discipline tends to be sorely lacking in schools that are struggling.

Every school needs to figure out their number. A board can do a back-of-the-envelope calculation by adding up the salary and benefits of a teacher, cost of administration divided by nine grades (or seven grades), and cost of maintenance and utilities (unless the congregation wants to provide free utilities). Then, divide by the current tuition to reveal the minimum number of students required in each grade in order to have a balanced budget.



**I was thrown out of college for cheating on the metaphysics exam: I looked into the soul of another boy.**

Woody Allen

For example, one LCMS K-8 school has figured out that their number is 18. With 18 students enrolled they can offer a class with a full-time teacher. With 24 enrolled, the class gets one teacher and a part-time aid. With 30 enrolled, the class gets one teacher and one full-time aid. With 36 enrolled, they can offer two classes with two full-time teachers. They are disciplined about this system and will not open a second class with 35 students. The school pays its share of utilities and the full mortgage for the new school building without subsidy from the congregation.

Knowing your number can be helpful. For example, let's say a school has enrolled less than 14 students for an incoming first grade class. The board calculates that this class will need to be subsidized by about \$13,000 for the year. If this class continues for all eight years, they are actually making a six-figure decision to subsidize this small class. Offering a class that is under-enrolled, under your number, is an expensive decision.

One solution is to hire a part-time or full-time recruiter to make sure every class exceeds the minimum number of students to be viable. However, schools that are struggling usually can't afford to do that.

If a school cannot attract more than 14 students for a class (or whatever your exact number is), there are other creative solutions.

## 4. Combine Smaller Classes

Struggling schools often attempt to run a single grade school with an inadequate number of students to support it. One way to solve the problem of under enrollment or uneven enrollment is to combine two or more grades into one class. This is variously called multi-age, multi-grade, split class, or combined class. Two grades may be combined to allow for more developmentally appropriate learning experiences for children, or for purely logistical reasons.

Consumer-oriented parents tend to dislike combining classes for fear that their child will suffer academically if they are not with peers in a single grade classroom throughout grade school. The research on multi-age and multi-grade, however, shows no difference between single grade classes and multi-grade classes in academic achievement. Almost all of the differences are due to teacher performance. In other words, it

is better for a child to be with a good teacher in a multi-age class than in a single grade class with a mediocre teacher.

Combining classes is a legitimate option for any struggling school to implement starting as soon as the next academic year. When combining classes, teachers should be supported with special multi-age training for a more successful experience for everyone.

Struggling schools often find this a hard decision to make. They want to offer a K-8 single grade school to stay competitive and please parents. Some are afraid that if they combine classes, parents will move their children to other schools. Good leadership is required to persuade parents that their child will not suffer in a normal-size class.

Interestingly, schools over 100 years old are reluctant to consider combining classes. Yet, if they look at their own history, they will most likely discover that their school has been multi-grade for many more years than it has been single grade. Many of these schools started out as one room schools. Until 40 or 50 years ago, the majority of Lutheran schools were multi-grade.

What if a school, for whatever reason, does not believe it can combine grades successfully?

## 5. Offer a Wrap-Around Program to Public School

A wrap-around program is a before school or after school educational program that provides a Christian environment for supplementing public school. It can provide Christian education, individualized tutoring, physical activity, and socialization for students.

Any struggling school can shut down and offer a wrap-around program to families at a fraction of the cost of running a fully staffed grade school. If the congregation is within walking distance from the school, children can walk to the church each afternoon. If not, transportation can be arranged. The children can still be in a Christian atmosphere for a part of each day.

Another option is to teach parents how to home school their children.

## 6. Transition to Home Schooling Plus

Homeschooling used to be an unconventional, new alternative for educating children. It has now become fully mainstreamed and is one of the fastest growing forms of education in the nation. Home schooled children typically score much higher than public school students on standardized academic achievement tests. They attend college and succeed at college at a rate higher than the general population.

Parents who teach their children at home strongly desire group activities for their children to supplement their academic study. Imagine equipping parents to teach their children at home, providing quality curriculum, offering ongoing support for parents, organizing educational field trips and offering other exciting, enrichment activities.

It does not take all day to home school a child. For example, parents could teach their children at home in the morning, then bring them to the church in the afternoon for physical activities and music and arts. This provides the much-needed socialization for children that all home school parents desire. The regular, afternoon programming allows the parents to volunteer, run errands, or work part time. Parents will pay what it costs for have their children engaged in these kinds of social and educational activities.

## 7. Build on the Strengths of the School

Whatever path you choose for moving forward, keep discovering and building on strength. Consider both facilities and staff.

- Do you have a gymnasium?
- Do you have outstanding classroom space?
- Do you have special expertise in music or the arts?
- Do you currently have existing homeschool families?
- Is there a charter school looking for space to rent?
- Do you have the opportunity to help launch a charter school?
- Do you already have a successful after school program?
- Have you successfully combined classrooms in the past?
- Are you located by a major office park where parents work?
- What are your teachers passionate about?
- What is your school known for?

Leaders should address the weaknesses of the school of course, but they will make more progress by leveraging its strengths. Even this may be difficult to do because systems in slow decline tend to resist change.

## In Conclusion, Take Bold Action

Any Lutheran school can operate without a subsidy if it is well-led and well-managed. If your school is struggling, then bold action is required.

**Form a task force.** Bring together leaders in the congregation and study the issues the school is facing. Make a decision about which model is best for the congregation going forward: parochial, private, alternative. Calculate the tuition level and minimum number of students for a class.

**Expand the options.** Get creative. Research, investigate, and surface other possibilities. Talk with parents. Hold town hall meetings. Talk with parents and leaders at other schools with similar challenges. Consider all of the possibilities until a strategic path forward begins to emerge.

**Make the hard decisions.** Combine classes where needed. Establish a minimum number of children needed to form a class. Spend money on marketing and recruitment. Improve the quality of the experience at school.

**Close with dignity.** If no good solutions are found and a decision is made to close the school, end positively. Hold a special closing worship service. Bring back past principals, teachers, and alumni. Celebrate the history and contribution of the school and thank those who have been involved. This also counts as decisive action.

A school can also be closed in phases by serving currently enrolled families through 6<sup>th</sup> or 8<sup>th</sup> grade and not opening any new classes. Rather than letting a school continue to struggle, it is better to get creative and take bold action sooner rather than later. A struggling school, especially, needs to act decisively before it is too late to reverse the decline.

## Free Resources

Here is the website for the Lutheran Education Association which will point you toward many helpful resources:

<http://www.lea.org/>

Here is a helpful website for parents explaining the common core standards:

<http://www.corestandards.org/>

Here is an article you can download about forming a strategy for effective change:

<http://galvinandassociates.com/downloadables/GotStrategyCCCA.pdf>

For more free resources, visit these websites:

<http://www.galvinandassociates.com/resources/articles/>

<http://www.galvinandassociates.com/resources/white-papers/>

<http://www.boardeffectiveness.org>

If you need assistance forming a strategy for your school, feel free to connect by email or telephone. Here are some ways we can help.

- Facilitating a task force about the future of the school
- Clarifying the vision and refining the strategy for the school
- Improving board governance

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*Special thanks to Rick Herman, Joel Koerschen, and Mike Zimmer for helping to shape my thinking about Lutheran schools and offering feedback on early drafts of this white paper.*

Revised: March 2016