



SPECIALTY FAMILY FOUNDATION

Igniting Change, Accelerating Progress



CATHOLIC EDUCATION CAPACITY INITIATIVE

Executive Summary

VENTURING FORWARD

We must test new solutions to problems faced by struggling Archdiocesan schools.

To our Friends in Common Purpose:

Since its inception, Specialty Family Foundation has been dedicated to alleviating the conditions that lead to persistent poverty. We acknowledge that there are many factors keeping families ensnared from generation to generation in circumstances of poverty.

Motivated by this truth, we have focused our investments on supporting capacity growth at low-income, under resourced Catholic elementary schools in the Archdiocese of Los Angeles that have historically succeeded in offering hope to children from low-income families.

This abbreviated report outlines the history, outcomes and impact of our *Director of Marketing and Development Capacity Building Initiative Report* which took place over the past decade. It is intended to inform the Foundation's Board, as well as outside stakeholders, such as funders and non-profits in the Catholic education world.

Tuition assistance provided by the Catholic Education Foundation (CEF) and large scale Archdiocesan subsidization efforts by Together in Mission (TIM) have most certainly kept countless schools from closing. Through this, they have afforded thousands upon thousands of students access to the kind of safe, values-based and welcoming schools that send more than 90% of their graduates onto college and beyond.

However, this support has had a palliative impact on some ailing inner-city Catholic schools, masking issues and enabling sustained decline. Traditional funding has not and will not "save the patient." More creativity is certainly needed. We need innovative solutions as the paradigm under which many schools currently operate is both outdated and insufficient.

Hope is not a strategy. In order to disrupt the status quo, we must be bold. Here is a brief overview of our concerted efforts to ignite change.



Deborah A. Estes
Chairperson



Joseph B. Womac
President

INVESTING IN CHANGE

Over the course of ten years, our Capacity Building Initiative, launched in 2009, would direct over \$9 million in funding Directors of Marketing and Development to 27 different Catholic elementary schools across Los Angeles.

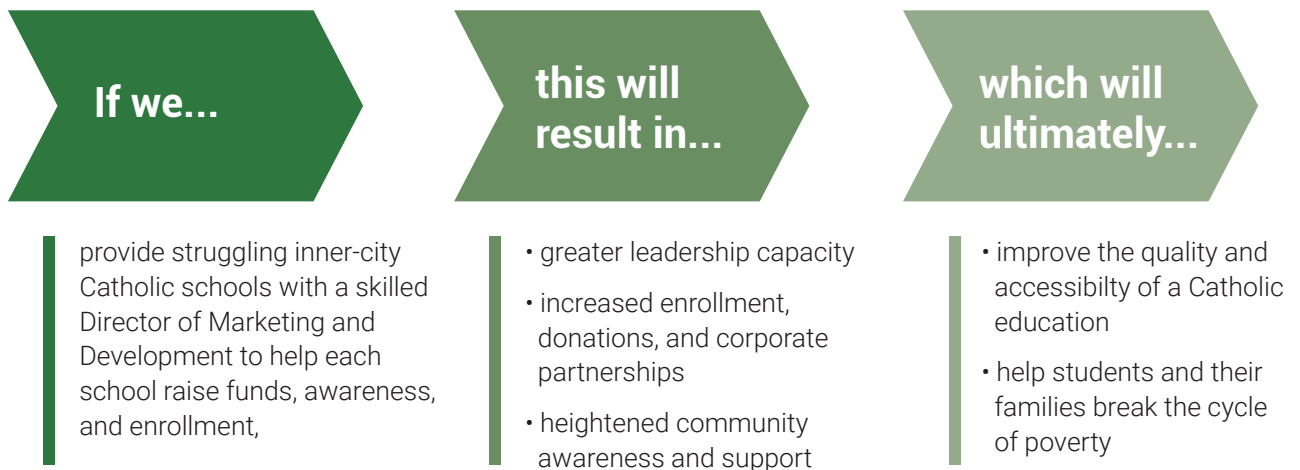
INITIATIVE MODEL AND TIMELINE

In the Fall of 2008, the Foundation invested in a multi-school initiative aimed at restoring financial viability to struggling inner-city Catholic elementary schools in the Archdiocese of Los Angeles (ADLA).

The initiative's grants supported the hiring of a Director of Marketing and Development (DMD) at 13 inner-city Catholic schools. In 2012, the Foundation invested in a second cohort of schools, supporting the hiring of DMDs at an additional 14 low-income schools in the ADLA. The schools' DMDs would be supervised by the school principals, guided by parish pastors, and driven by the following goals:

- Increase school enrollment
- Increase fundraising stability and improve school financial health
- Develop a functioning advisory board

GRANT HYPOTHESIS



GRANT PROGRAM OVERVIEW

FUNDING MARKETING & DEVELOPMENT

In the Fall of 2008, SFF engaged an executive search firm to recruit experienced professionals to serve as DMDs in Cohort I schools when the initiative officially launched in January of 2009. SFF used the same search firm in 2012 to recruit DMDs for Cohort II partner schools.

Specialty Family Foundation tasked DMDs with:

- Creating fundraising and marketing plans to increase awareness, enrollment, donors and grant funding
- Developing community partnerships
- Building and supporting a school advisory board

2012 MIDPOINT ADJUSTMENT

Five years into the Initiative, SFF used learnings to date to develop a “Road Map” of focused strategies and levers that would increase the likelihood of achieving the Foundation’s goals and outcomes.

SFF recommitted to building:

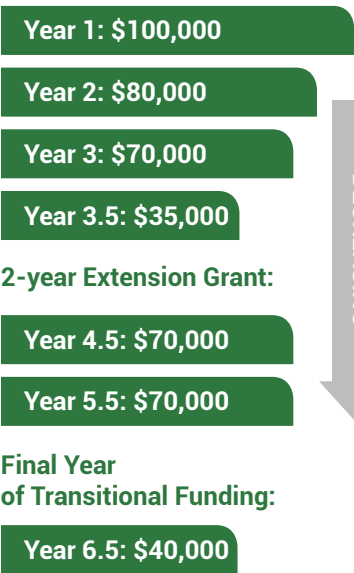
- development, enrollment and management capacity

Committed to supporting the following new goals for those schools making progress in the model:

- academic excellence and student growth
- fiscal and academic transparency

GRANT FUNDING STRUCTURE

COHORT I



COHORT II



DECREASING

COHORT I ORIGINAL LEVERS

1. Leadership
2. Marketing & Development Expertise
3. Advisory Boards

COHORT II ADDITIONAL ROADMAP LEVERS

1. **Collaboration** - SFF will seek opportunities to partner with other institutions (e.g. Loyola Marymount University, Department of Catholic Schools, Seton Education Partners, and Catholic Schools Collaborative) and funders to encourage partnerships with SFF.
2. **Flexibility**- SFF will pursue new ideas and innovative projects in all three goal areas. To do otherwise would be committing SFF to a similar set of identical program decisions and identical results.

THEORY OF CHANGE

In 2015 SFF formulated our Theory of Change for supporting sustainable, vital excellent Catholic Schools.

We believe that inner-city Catholic elementary schools can grow and thrive:

IF a school cultivates and recruits a visionary leadership team, **THEN** that leadership team is capable of planning and executing an exciting and ambitious academic vision that is:

- Innovative and able to measure demonstrable impact and outcomes
- Collaborative, partnering with as many external experts and communities as necessary

And **IF** a school communicates this vision of impact effectively to the right constituents, which requires an intentional, smart, staffed, branding and marketing strategy,

THEN its community will grow.

- More students will enroll.
- More potential supporters will invest.
- More talented board members will join.
- People will talk about the school and its inspiring ambition to change lives.

...And **IF** a school's community of stakeholders grows,

THEN so will its resources; which can and must be used to re-invest in its exciting and vibrant vision.

The Result

Vibrant, academically rigorous, fully enrolled, sustainable Catholic elementary schools are thriving in Los Angeles and are available to every child who seeks to attend it regardless of ability to pay.

**Resources are
Reinvested**

**Growth and
Demand lead to
Resources**

**Branding leads
to Growth and
Demand**

**Excellence can/
must be Branded
and Promoted**

**Vision leads to
Excellence**

**Leadership
provides Vision**

"The appointment of a Director of Marketing and Development through the Specialty Family Foundation was, without doubt, one of the greatest single contributing factors to securing the continued future of Saint Anne School and facilitating its current success."

Michael Browning
Principal, St. Anne Mission School

OUTCOMES

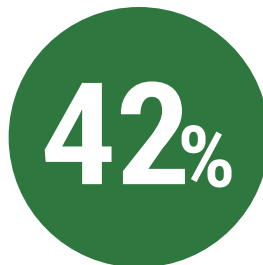
Data collected demonstrated both enrollment gains and funding gains in participating schools in the initiative as opposed to most schools in the Archdiocese that did not participate. Both cohorts enjoyed significant average increases in enrollment and funding.

	COHORT I 6.5 Years 2009-2015	COHORT II 6 Years 2012-2018
School Completion Rate	8/13 (62%)	12/14 (86%)
# of Students Enrolled	115	280
Enrollment Gain	7%	11%
Revenue Gain	25%	42%
Expense Gain	12%	23%
Total Investment ¹	\$3.77 million	\$4.25 million
Total Return	\$11.63 million	\$16.00 million
ROI	310%	377%
Total Investment (All Schools)	\$4.63 million	\$4.57 million

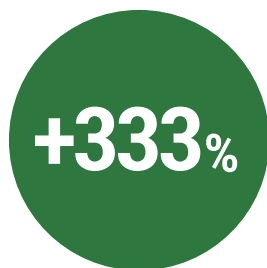
¹ excludes schools that exited Cohort I grant program before completion



Cohort I Schools
experienced an average
revenue increase of 25%



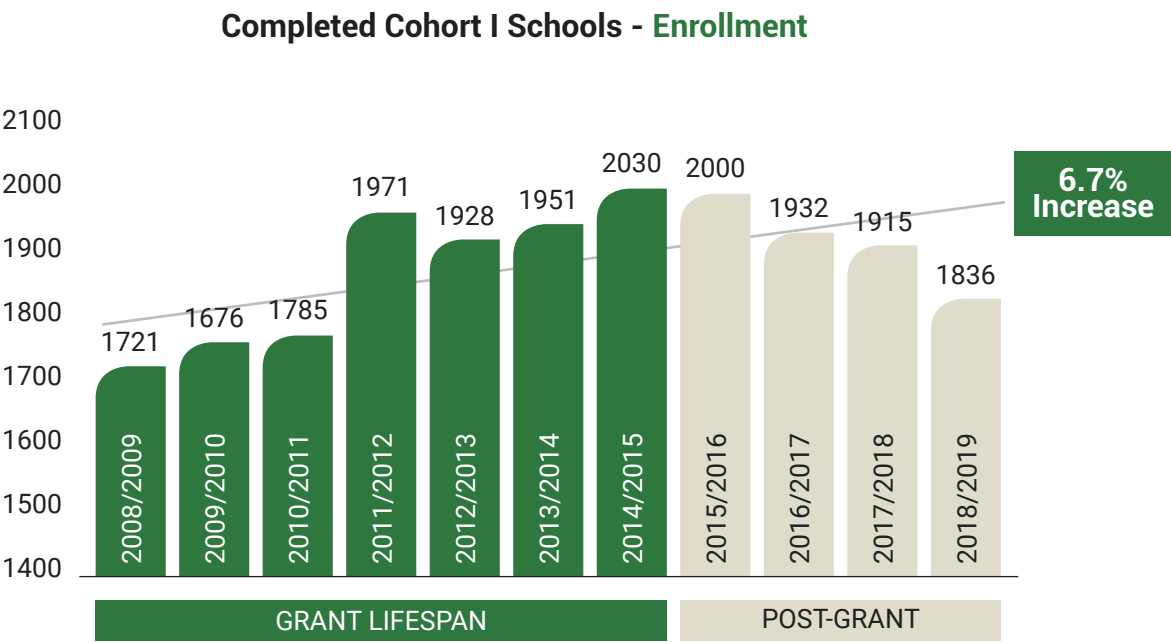
Cohort II School
revenues increased
by 42%



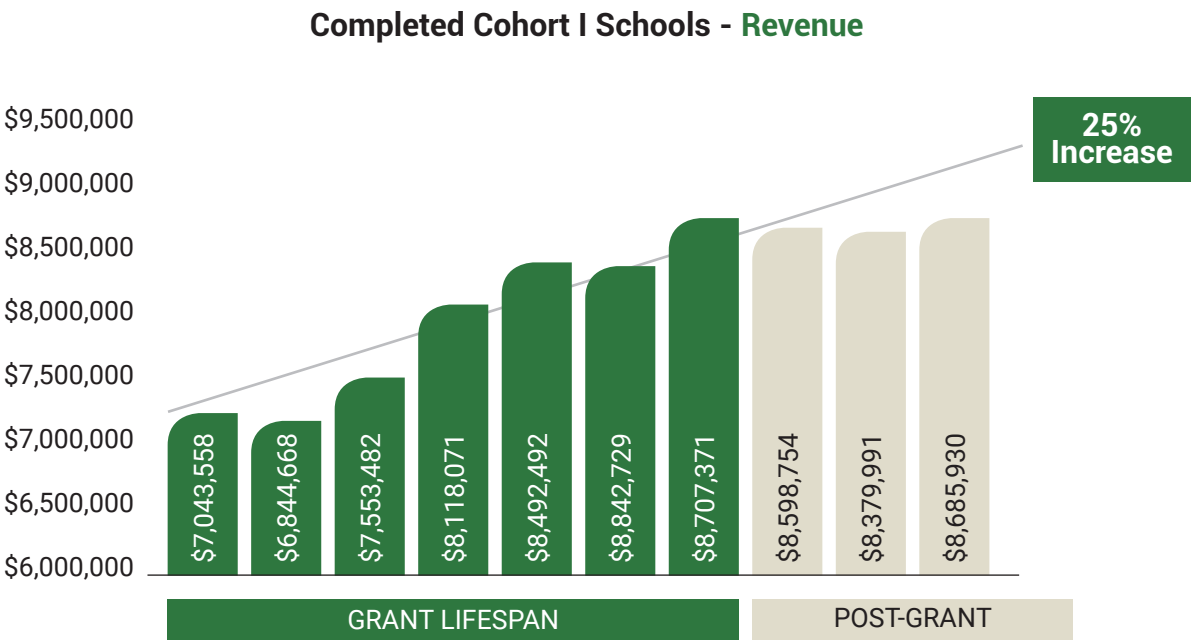
Total Investment: \$9.2 million
Total return: \$27.63 million
A total ROI of 333%

COHORT I RESULTS

Cohort I schools completing the DMD Capacity Building Initiative saw enrollment grow 6.7% for a cumulative total of 115 students enrolled.

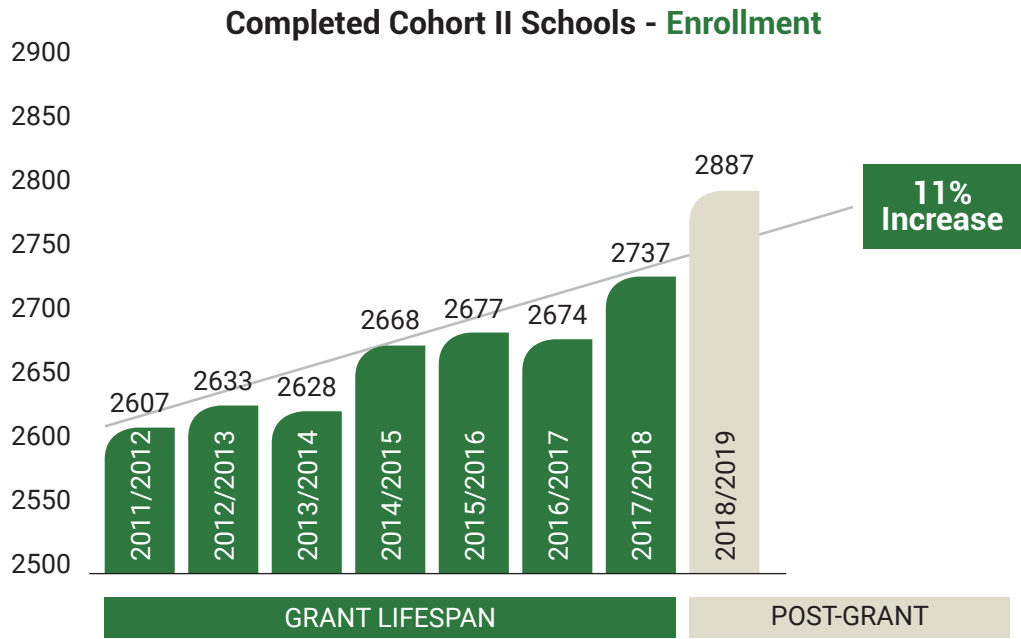


Schools also experienced an average revenue increase of 25% during their participation in the initiative while school budgets increased by an average of 12%.

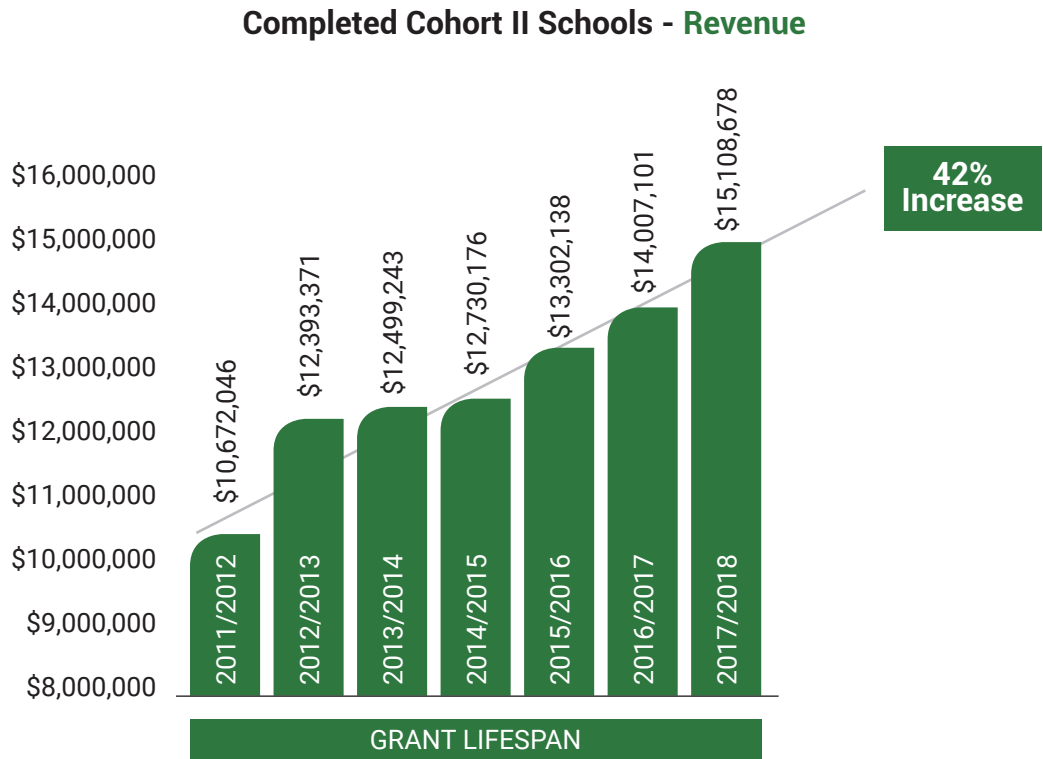


COHORT II RESULTS

Cohort II schools completing the DMD Capacity Building Initiative saw enrollment grow by a total of 280 students, which represents an 11% increase.



Cohort II school revenues increased by 42% while school budgets increased by an average of 23%.



CONCLUSIONS

DID IT WORK?

Yes. Low-income, under resourced Catholic schools can grow in both enrollment and budgets through the hiring of a point person to take the lead on these goals. We believe that the time and money invested in this model has produced a data set that presents a strong case that this type of capacity can be achieved through intentional investment and planning.

While SFF is often confident in its understanding as to why some schools were able to achieve 'night and day' positive growth and others fell short of their goals, there are also a number of situations where the outcomes are more perplexing. These included some discouraging situations where school effort and model design were scored highly but the outcomes lagged nevertheless.

TAKEAWAYS

SCHOOL SELECTION MATTERS Schools with a leader that had a vision for the direction they wanted to take a school and articulated an action plan had a higher rate of success in the model.

SCHOOL PROGRAMMING DRIVES SUCCESS School quality matters instrumentally and is not to be taken for granted. The quality of the school and the attractiveness of its programmatic offerings cannot be understated in their connection to outcomes in a project such as this.

DEVELOPMENT OF KEY INSTITUTIONS' CAPACITY SUPPORTS SCHOOLS Our experience suggests that building the capacity of critical partners, such as the Department of Catholic Schools, Loyola Marymount University and regional bishop's offices, results in increased outcomes.

SCHOOLS CAN'T DO IT ALONE "Self-sustaining" inner-city Catholic schools should not be the goal. These schools by their very nature are serving a population that will never be able to cover the true cost of tuition, even if they are fully enrolled and succeeding academically. These schools will always need other sources of revenue including fundraising, tuition assistance and subsidies to be financially viable and sustainable.

"FIT" MATTERS BETWEEN PRINCIPAL AND DMD Even with the help of an executive recruiter, finding the right "fit" between a DMD and principal was challenging. The initiative often was most successful when a principal was actively engaged in recruiting and vetting candidates.

CHANGE REQUIRED MORE TIME & MONEY THAN PROJECTED As early as the second year of the initiative, it became apparent that three years of funding was not enough time for a school to reach a point of sustaining a full-time DMD. Thus, we doubled the second cohort duration to six years.

THE "LONE SURVIVOR" MODEL There are a good number of participating schools that, while well-connected and in regular contact with sister schools, mostly go it alone in their approach and decision-making. This is the traditional way of Catholic education and has been tried and proven effective in past generations. Some evidence suggests going it alone is more challenging today than in the past.

A significant number of the participating schools left this model during the initiative, choosing instead to join growing networks of Blended Learning schools, STEM schools, Language Immersion schools, etc. As a general trend, these schools seem to demonstrate higher levels of stability and success in the model.

CONCLUSIONS

TAKEAWAYS, cont'

DRAG FROM DEBTS AND DEFERRALS Although nearly every SFF school grew their budget, very few schools reached the point of financial security and sustained viability. This is due to existing school operating deficits owed to the Archdiocese as well as the deferral of plant maintenance, teacher raises, and investment in student materials and curriculum purchases.

UNEXPECTED CHALLENGES

MANY SCHOOLS STARTED IN THE RED Often schools started the initiative with a deficit in their budgets, akin to beginning this initiative from behind, leading to the challenge that initial gains were only able to fund these deficits.

RECRUITING & RETAINING TALENT IS HARD The unique experience of working in small Catholic elementary schools presented a challenge in recruiting and retaining such a large number of development professionals to serve as DMDs.

COLLABORATORS OR COMPETITORS? As valuable as it is when someone shares a winning approach, saturation can occur when dozens of schools try the same tactics with the same populations at the same time.

MARKETING & DEVELOPMENT MAY REQUIRE TWO PROFESSIONALS While SFF still supports the concept of prioritizing both enrollment growth AND fiscal growth in a project such as this, we also see evidence that doing both simultaneously and through the same professional hire may be a rare outcome.

PASTORS CAN BE INSTRUMENTAL TO SUCCESS Sometimes it was difficult to identify synergies between a pastor and principal. A dynamic church-school relationship can be efficiently leveraged to drive success.

“My training was in education, not development or marketing, but to have someone in that position as a partner at school PLUS the incredible, ongoing support of SFF, made all the difference in the (my) world!”

Mary Ann Murphy

Former Principal
Immaculate Conception School

“Being a Specialty school meant being a part of a supportive community focused on growth and excellence. We always knew we could call on Specialty or another Specialty school for help and advice.”

Alexandra Carver

DMD, St. Michael School

LEARNING IN DMD FOCUS AREAS

We charged our DMDs with driving enrollment, school development and board development. Here is what we learned in these key areas.

ENROLLMENT

TARGETED MARKETING WORKS While both Los Angeles diocesan and public-school enrollment trended down, both cohorts of schools participating in the capacity building initiative showed positive enrollment gains over the life of the grants. Enrollment increases can be more directly attributed to focused, intentional efforts in marketing schools.

STUDENT RETENTION NEEDS TO BE PRIORITIZED While many schools saw a yearly influx of students, some of those schools did not experience a corresponding increase in overall enrollment due to issues with student retention. Parent satisfaction, quality academics, adequate facilities and consistent tuition assistance all play a role in retaining students.

TUITION ASSISTANCE DOES NOT GUARANTEE ENROLLMENT GAINS Additional tuition dollars alone do not always correlate to growing enrollment. Parents need to see value in the education the student is receiving and believe that the school is the best choice for their student providing both quality academics as well as a value-based, character driven education.

INNOVATIVE PROGRAMING DRIVES ENROLLMENT Parents are savvy consumers looking for quality academic programs and innovative approaches to learning. Schools needed something to set them apart to attract parents as well as donors. Parents are not looking for the cheapest alternative, they are looking for the best choice.

DEVELOPMENT

FOCUSED FUNDRAISING WORKED

A sustained focus on cultivating individual donors and foundation support attributed to growing capacity over the duration of the grant.

DMDs STRUGGLED TO CULTIVATE INDIVIDUAL DONOR BASE

Finding and retaining individual donors and supporters (vs. foundations) for each school proved to be difficult. DMDs that had personal relationships had greater success, but this was more a function of their own networks prior to starting as a DMD than of their ability to identify and engage new donors.

BOARD DEVELOPMENT

BOARDS ARE CRITICAL TO SUCCESS

There is a strong correlation between the quality of a school's advisory board and its likelihood of success across all key metrics such as strong academics, high enrollment and a committed donor base.

THE DMD MODEL HAD LITTLE IMPACT ON BOARD DEVELOPMENT

Despite targeted interventions in recruiting and supporting Boards, (i.e. Council of Advisors, Annenberg Alchemy, Executive Service Corp) there is little evidence that these efforts affected any significant change in building the capacity of school advisory Boards.

RECOMMENDATIONS

GENERAL

1. **IDENTIFY & FUND SCHOOLS THAT ARE “READY, WILLING and COMMITTED”**
If a school isn't hospitable to change, then success is unlikely.
2. **WHAT GETS MEASURED, MATTERS** Devise a rubric/method for selecting schools and developing interventions. A more targeted set of interventions can be applied by looking at the full picture of a school's viability.
3. **FOCUS ON QUALITY** An honest assessment of a school's quality in all key areas and a vision for growth and improvement need to be married to the advancement and recruitment strategies.
4. **BUILD CAPACITY AT STAKEHOLDER INSTITUTIONS** Make an intentional plan to invest in supporting capacity building at key partner institutions such as the LMU School of Education & DCS.
5. **INVEST IN INTER-SCHOOL CONNECTION** As a general trend, schools that join collaborative networks such as STEM, Dual Language Immersion, and Blended Learning initiatives seem to demonstrate higher levels of stability and success.

MARKETING & DEVELOPMENT SPECIFIC

1. **LIMIT DEPENDENCE ON FOUNDATION FUNDING** The sooner a school starts to own increasingly greater financial responsibility for the DMD the more likely a school will retain the position at the end of the grant.
2. **GUIDE INTEGRATION OF NEW STAFF** Many pastors and principals need help understanding how to manage and engage with the DMD, as well as defining and measuring their success.
3. **DEFINE PRIORITY BEFORE FUNDING** Schools need to self-determine their goals at the start of the grant. Identifying either enrollment or fundraising as the main focus prior to the start of the grant will allow schools to hire either a marketing or development professional, and set their goals accordingly.

FINAL THOUGHTS

Our strategic investments in Catholic education have yielded tangible results and practical ideas for improved outcomes.

FORWARD PROGRESS HAS BEEN MADE

After a decade of investment and analysis related to this project, we have observed a shift in the discussion surrounding school enrollment and advancement strategies. One can almost sense the development of a “field” of professionals in this area. This is connected to a sense of growing legitimacy and general awareness that Catholic schools should, if not must, address these concerns head on.

More broadly, we observe an increased awareness for the importance of these areas within Archdiocesan offices and in the field of Catholic education, generally. There is some sense that the SFF Capacity Building Initiative itself may have shined a light on the importance of this type of work.

THERE IS NO PANACEA

Despite the pride we feel toward the lessons and outcomes articulated in this report, we cannot say this initiative contains a scalable solution to the larger challenges Catholic schools are facing today. To the contrary, while an individual school may raise their enrollments and funds participating in a program such as this, the context surrounding that school continues to get more and more difficult. Perhaps as soon as ten years from now, gains achieved in this initiative will no longer be attainable through similar strategies.

COLLECTIVE ACTION IS NEEDED

While SFF does not claim to know exactly what must change, we are confident that if stakeholders continue on with a maintenance mindset, the widespread decline of inner-city Catholic schools will be inevitable.

We stand by the conclusion that staying stagnant with a maintenance mindset, which we commonly observe, will virtually guarantee future declines and risks of closure.

A central lesson SFF has taken from this initiative has less to do with investing in marketing and development than it has to do with building capacity. Fueled by what we have learned thus far, SFF is interested in exploring ideas beyond those reported on in this document. Some of these include: leadership development programming, new governance models, innovative academic programming, centralized funding models, school networks, compensation reform, investing in professional development, public funding models and the role of the charter sector in Catholic education.

It is only together, in a common commitment to dramatic, substantial change that we can save our schools. This is our motive; this is our prayer.

About the Foundation

Established in 2006 by Dr. James B. and Joan C. Peter, Specialty Family Foundation was created to combat the conditions which lead to persistent poverty. Namely, to support effective methods, new and existing, to advance inner-city Catholic education as well as aid in substance abuse recovery.

In 1975, while serving as clinical professor of medicine at UCLA, Dr. Peter founded Specialty Laboratories. His small lab in Santa Monica quickly emerged as a leading hospital-focused clinical laboratory. Eventually, Specialty Laboratories was listed on the New York Stock Exchange and ultimately sold to Quest Diagnostics. It was this remarkable success that would provide the financial cornerstone for the Foundation.

Specialty Family Foundation has always been endowed with the same entrepreneurial ethos as its namesake; that is, a solutions and evidence-based enterprise that is open to taking risks in order to respond to urgent needs within the community.



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501 Santa Monica Blvd., Suite 500, Santa Monica, CA 90401
(310) 899-9700 www.specialtyfamilyfoundation.org