

**The Relationship Between Tuition and Enrollment in WELS Lutheran Elementary  
Schools**

by

Jason T. Gibson

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Date:

This thesis paper has been examined and approved.

Review Committee:

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Dr. John Meyer, Chair

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Prof. Paul Tess

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Dr. Jeffery Wiechman

Approved:

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John Meyer  
Director of Graduate Studies

### Abstract

Elementary schools in the Wisconsin Evangelical Lutheran Synod (WELS) face the challenges of declining enrollment and rising costs. Increasingly, WELS Lutheran Elementary Schools (LES) are charging congregation members tuition. This study examines whether there is a relationship between tuition and enrollment in WELS LES.

This study found no significant relationship between tuition and enrollment in WELS LES. This study did find significant relationships between funding philosophy and change in enrollment. Participants with the philosophy that school funding is primarily parents' responsibility experienced greater enrollment gains than schools with other funding philosophies  $F(2, 69) = 4.62, p = 0.002$ ). This study found a significant relationship between the change in number of kindergarten through eighth-grade students in the congregation and change in enrollment  $F(2, 70) = 14.04, p < 0.0001$ .

Further research should be done into the characteristics present in growing schools but not present in shrinking schools. School leaders should base funding decisions on factors other than enrollment.

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## **Chapter I: Introduction**

### **Problem Statement**

Churches in the Wisconsin Evangelical Lutheran Synod (WELS) have operated schools for over 150 years, and the WELS operates the fourth-largest private school system in the United States (Braun, 2011; Patterson, 2011). Yet WELS Lutheran elementary schools (LES) face great challenges today. In general, WELS schools are shrinking. Total enrollment in WELS LES has fallen from a 1990 peak of 31,983 students to 24,170. In 1983 and 1984, there were 380 WELS elementary schools, but during the 2013-2014 school year, there were 318 (WELS Commission on Lutheran Schools, 2014; WELS Commission on Parish Schools, 2009). Declining enrollments are only part of the problem. Schools are increasingly expensive to operate. In 2013-2014, the average reported per-pupil operating cost in WELS elementary schools was \$4955, more than double the reported cost from 2000-2001 of \$2401 (WELS Commission on Lutheran Schools, 2014; WELS Commission on Parish Schools, ca. 2001).

Clearly, the sustainability of WELS schools is being challenged. As schools become more expensive and fewer children attend them, WELS congregations are re-evaluating the way they fund their schools. Traditionally, WELS schools have been supported by the offerings of congregation members. Congregation members – with and without children attending the elementary school – have shared the costs of operating the school (Plath, 1990). In many WELS schools today, more of the costs are borne by parents of elementary school students in the form of increased tuition.

**Purpose of the Study**

Charging tuition of congregation members has been a controversial topic (WELS Commission on Parish Schools, 2001). Some believe that supporting Christian education is the responsibility of all congregation members, while others argue it is primarily parents' responsibility (Plath, 1990). Some fear raising tuition will drive students away, yet others maintain raising tuition can help attract more students (Krause & Rogalski, 2006). Some view tuition as a means to balance the church's budget, while others view tuition as a way to balance the church's overall ministry (Patterson, 2011; Plath 1990).

Despite the varied views, the reality is more WELS elementary schools are charging tuition, and while authors have made conflicting assertions about tuition's effect on enrollment, little research has been done on the effects of tuition rates in WELS LES. This study sheds light on the relationship between WELS LES tuition and enrollment.

**Research Questions**

This study sought to answer the following research questions:

1. Is there a relationship between tuition and enrollment in WELS LES?
2. How do the three funding models suggested by the WELS Task Force on Lutheran Schools (2013) relate to school enrollment?
3. What factors mediate the relationship between tuition and enrollment?



**Definition of Terms**

**Tuition.** For the purposes of this study, “tuition” refers to all fees charged of students.

**Lutheran Elementary School.** For the purposes of this study, “Lutheran Elementary School” refers to schools that serve at least some grades in kindergarten through eighth grade and are members of the Wisconsin Evangelical Lutheran Synod.

**Assumptions and Limitations of the Study**

This study depends upon participants’ ability to accurately report tuition and enrollment information from the 2010-2011 school year and the 2015-2016 school year, knowledge of their schools’ per-pupil operating costs and their congregations’ budgets, and awareness of recent trends in their congregations. The analysis of schools’ changes in tuition and enrollment required that schools be in operation from 2010 to 2015.

This study is limited by a low survey return rate. Seventy-five out of 313 WELS LES leaders responded, yielding a return rate of 23.96%.

**Overview**

This study sought to determine whether there is a relationship between tuition and enrollment in Lutheran elementary schools. WELS elementary school principals were surveyed to gather data about tuition, enrollment, and other factors. The data was analyzed, the results are presented in Chapter IV, and recommendations for further study and for practice are presented in Chapter V.

## **Chapter II: Literature Review**

### **Introduction**

The WELS Commission on Lutheran Schools annually gathers and reports synod-wide tuition and enrollment statistics. Across the synod, elementary school enrollment is declining and tuition is rising. These trends are also present in other private school systems. Researchers have also studied the relationship between tuition and enrollment in higher education. Previous writers have described causes for declining enrollment and changes in attitudes toward tuition. One previous study explored tuition as a factor impacting enrollment in WELS LES, and another compared tuition between small WELS schools and larger non-WELS schools.

### **WELS LES Tuition and Enrollment Trends**

The challenges facing WELS schools are well-documented. As discussed previously, the number of WELS elementary schools has dropped over 16% in the last 30 years, and the number of students in those WELS schools dropped by over 24% since 1990 (WELS Commission on Lutheran Schools, 2014; WELS Commission on Parish Schools, 2009). While enrollment has declined, per pupil operating costs have more than doubled in the past 15 years (WELS Commission on Lutheran Schools, 2014; WELS Commission on Parish Schools, 2003).

Increasingly, WELS schools are relying on tuition revenue. In 2000-2001, 49% of WELS schools charged tuition of members of the operating congregation; in 2013-2014, that number was 75%. Average member tuition rose from \$813 in 2001 to \$1658 in 2013 (WELS Commission on Lutheran Schools, 2014; WELS Commission on Parish Schools, 2001). In 2013-2014, nearly all WELS LES charged tuition for students who were not

members of the operating congregation: 90% charged tuition for students from other WELS churches, and 95% charged tuition for non-WELS students (WELS Commission on Lutheran Schools, 2014). The tuition increase has been less dramatic for non-member students in WELS LES. Average tuition for students from other WELS churches rose from \$1691 in 2001 to \$2512 in 2013, and average non-WELS students' tuition rose from \$2118 in 2001 to \$2978 in 2013 (WELS Commission on Lutheran Schools, 2014; WELS Commission on Parish Schools, 2001).

### **Tuition and Enrollment Trends in Other School Systems**

These trends are not unique to WELS schools. Schools in the Lutheran Church-Missouri Synod (LCMS) have also seen declining enrollments and rising tuition. According to Cochran (2008), there were 1031 LCMS elementary schools in 1996-1997 with a total enrollment of 151,946 students. By 2006-2007, these numbers had fallen to 1018 elementary schools and 130,395 students. Historically, LCMS schools were funded by the sponsoring congregation, but "as the cost of education has risen, tuition and fees have become the chief source of operating revenue" (Cochran, 2008, p. 19). Average member tuition rose from \$1001 in 1996-1997 to \$1787 in 2006-2007. LCMS enrollments have continued to decline since Cochran's 2008 report. In 2013-2014, there were 880 LCMS elementary schools enrolling a total of 113,919 students (LCMS School Ministry, 2014).

Roman Catholic schools, comprising the largest school system in the United States, have seen similar trends (National Center for Education Statistics, 2014). James (2007) noted that Catholic schools have been in decline since 1965. In just the last 10 years, Catholic elementary school enrollment has dropped by more than 448,000

students, approximately a 24% decrease (National Catholic Educational Association, 2013). According to James, sharp declines in Catholic parishioners' giving resulted in reduced parish subsidies to parish schools, which in turn resulted in dependence upon tuition as the largest funding source for Catholic schools. James also noted that Catholic elementary school tuition rose 7.5% annually for a 15-year span (p. 299).

Overall, total private school enrollment is down in the United States. The National Center for Education Statistics (2014) reported an increase in prekindergarten through grade 12 private school enrollment from 5.9 million in 1995–96 to 6.3 million in 2001–02 but then an enrollment decrease to 5.3 million in 2011–12 (p. 1). In fact, the only private school segment that seems to be growing is what the NCES calls “unaffiliated” schools, “schools with a general religious orientation or purpose but ... not classified as conservative Christian or affiliated with a specific religion” (p. 2). Enrollment in these unaffiliated schools rose by about 12% from 1995-1996 to 2011-2012 (National Center for Education Statistics, 2014, Private School Enrollment).

The relationship between tuition and enrollment is an important issue at other levels of education as well. Researchers have sought to establish a relationship between tuition and enrollment in higher education. For example, Heller (1997) conducted a meta-analysis of studies using data from the 1970s and 1980s and found that “every \$100 increase in tuition results in a drop in enrollments of 0.5 to 1.0 percentage points across all types [higher education] of institutions” (p. 650). Shin and Milton (2005) reported different results: a statistically insignificant 1.13 student decrease for a \$100 tuition increase (p. 226). Shin and Milton (2005) noted that a variety of studies produced conflicting findings on the effect of tuition on enrollment in higher education.

Interestingly, they argued that “conflicting findings on the effects of tuition are a result of different historical and market contexts” (p. 214). For example, Shin and Milton (2005) found that college students were less sensitive to price in the 1990s than in previous decades, and factors such as the wage premium of having a college degree and the price of competitive colleges mediated the effects of tuition on enrollment at the college level.

### **Causes of Declining Enrollment**

Across parochial school systems, writers have speculated about the causes of declining enrollments. According to Cochran (2008), LCMS school enrollments have been negatively impacted by the educational choices parents make, declining LCMS baptisms, demographics where LCMS schools were located, and the economy.

Describing Catholic schools, James (2007) listed the following factors contributing to enrollment decline: changing demography as Catholics move out of the cities (and away from Catholic schools) to the suburbs, changing values among American Catholics, economic issues, and a lack of leadership. Additionally, James attributed declining enrollment to increased tuition – itself a result, in part, of declining enrollment (p. 292). In describing the financial challenges facing WELS schools, the Commission on Parish Schools (2001) noted a shrinking and aging pool of WELS members, and Plath (1990) described changing attitudes and habits among WELS members. Whatever the causes, as Patterson (2011) put it, “Our [WELS] private school system is in rapid decline. The statistics speak for themselves. We can argue about *why* it is rapidly shrinking, but we cannot argue about *whether* it is shrinking. It is shrinking at a frightening pace” (p. 3).

### **Changes in Attitudes toward Tuition**

While the model for funding WELS schools has evolved, the literature indicates that WELS Lutherans' beliefs about funding schools are evolving as well. In 1917, Pastor John Brenner wrote, "Our congregations ask those also who have no children to contribute toward the support of the parochial school . . ." Lutheran education on all levels was not to be considered "entirely the affair of [children's] parents" (quoted in Braun, 2011, p. 29). Plath (1990) wrote:

Even though parents have the primary responsibility for training their children, the Lord gave the church some responsibility to help parents with the nurturing, the spiritual training, of the children in the congregation (Matthew 28:19, 20). Every member of the congregation helps fellow Christians grow spiritually. . . . A congregation would be making a grave mistake if it adopted a tuition policy and by so doing discouraged the financial participation of those members who have no children in the school in nurturing the church's children. (p. 3)

Plath (1990) wrote at a time when beliefs about school funding were in transition.

Despite the above admonition, he acknowledged that scripture neither commands nor forbids tuition. Heins (1993) and the WELS Commission on Lutheran Schools (2001) each described tuition as a potential bane or blessing. Despite the potential pitfalls, Heins wrote in favor of charging tuition. More recently, WELS writers have taken stronger stands in favor of charging tuition. Johnson (2008) wrote that subsidized tuition may have created an entitlement mentality among congregation members, and he recommended raising tuition as part of an improvement plan to ensure academic excellence. Patterson (2011) came out even more strongly in favor of tuition as means to free up

congregational resources for other ministry. He wrote, “For the congregation to fund the school for people in a nine-year window of life at the expense of all the other age groups is not right” (p. 18). The Task Force on Lutheran Schools (2013) urged all schools to develop sustainable funding models including “an appropriate balance of congregational support, tuition, and other sources of income” (p. 66). The Task Force did not go so far as to specify what an appropriate balance is.

Changing from the traditional model of funding WELS schools by congregational offerings to a model in which parents pay more tuition has been controversial, to be sure. Plath (1990) wrote that congregations were “struggling” with the issue (p. 1). In 2001, the WELS Commission on Parish Schools had studied the issue of funding “for the better part of a decade” and wrote, “In nearly all [Lutheran elementary school] settings, the funding issue that generates the most questions, concern, debate, and reaction is that of charging tuition of congregation member families” (p.2). Heins (1993) called tuition a “hot topic” (para. 1), and Patterson (2011) referred to school funding as “the elephant in the room” (p. 17).

As controversial as supporting parochial elementary schools through tuition may be, several writers encourage doing just that. Krause and Rogalski (2006) criticized the traditional, church-subsidy-for-all, lowest-price-possible approach to funding at length, identifying several problems:

1. The traditional model for funding Christian schools subsidizes tuition for those who do not need it, leaving less subsidy for those who do.
2. Christian school teachers get paid far less than their public school counterparts.
3. Families who equate price with quality will look elsewhere.

4. Concerns over funding and pricing come to overshadow the school's ministry philosophy.

Krause and Rogalski (2006) wrote, "For many schools, our financial policies are threatening our very survival" (p. 3). They also argued that school leaders should understand what it actually costs to run the school, eliminate automatic tuition discounts, have tuition assistance available for those who truly need it, and differentiate their schools on the basis of quality so that price is less of an issue for prospective parents. Johnson (2008) echoed these arguments and advocated raising tuition and increasing tuition assistance as part of an improvement plan for his own school system.

Other writers have offered reasons for raising tuition in WELS elementary schools. Heins (1993) argued that charging tuition communicates to parents that training children is their responsibility. Since congregations operating parochial elementary schools often dedicate a large part of their budget to the schools at the expense of other ministry, several writers have advocated tuition as a means to free up congregational resources in order to achieve ministry balance (Heins, 1993; Patterson, 2011; WELS Commission on Parish Schools, 2001).

The connection between tuition and enrollment seems obvious. Simultaneously, enrollments are declining and operating expenses are rising. While WELS schools have traditionally been supported by congregational offerings, congregations, too, are shrinking (WELS Statistical Report, 2013). Increasingly, congregations are turning to tuition to support their schools. Despite being a hot-button issue, little research has been done on the relationship between tuition and enrollment. Two studies have laid the groundwork for future research.



### **Relationship between Tuition and Enrollment**

Johnson (2008) sought to identify the characteristics, qualities, and declared initiatives of private schools that impacted enrollment. He compared WELS schools in his system with other Christian (non-WELS) schools with above-average enrollment (more than 160 students). Among other differences, Johnson found that WELS schools charged far lower tuition than larger, non-WELS schools. Johnson therefore developed a list of recommendations designed to bolster enrollment in his school system. Among these recommendations were understanding the true operating costs of the school, raising tuition, increasing tuition assistance, and separating the school budget from the sponsoring congregation's budget (pp. 74-75). Johnson himself conceded that his "research results did not link certain qualities, initiatives, or programs with increased enrollments" (p. 73). Nor did Johnson's study indicate whether the larger-than-average schools were growing or shrinking.

Jacobsen and Bauer (2004) sought to understand the causes of declining enrollment in WELS elementary schools. They conducted a panel demand analysis and found that "Tuition is considered a problem only by WELS members for their own congregation's school," and WELS "congregational members, where there is a school, are more price sensitive than others" (p. 18). Jacobsen and Bauer found the following relationships between tuition and families' enrollment decisions:

1. Among WELS congregation members, "tuition was negatively related to enrollment with a 1% increase in tuition leading to a 0.13% decline in enrollment" (p. 19).

2. “Tuition was not a statistically significant determinant of enrollment” for members of WELS congregations without schools enrolling their children in other WELS congregations’ schools (p. 20).
3. “Tuition was not a statistically significant determinant of enrollment for other Christian children [non-WELS Christians enrolling in WELS elementary schools]. Such families seem willing to pay whatever is charged” (p. 20).
4. For children not members of Christian churches, “enrollment was positively related to tuition” (p. 20).

Reasoning that parents’ willingness to pay for education is balanced by a belief about the relative value of the education, Jacobsen and Bauer concluded that “developing a strong academic reputation ... seems to be a good strategy for demonstrating value to parents” (p. 19). This argument fits neatly with Krause and Rogalski’s (2006) call to differentiate schools by quality rather than price and Johnson’s (2008) call for overall school improvement.

### **Recent Research**

The Task Force on Lutheran Schools (2013) identified three funding models employed in WELS LES: (a) funding solely by the congregation, (b) funding solely by the parents, and (c) a funding blend of congregational support and tuition. As described above, the Task Force encouraged schools to develop appropriate sustainable funding models including “an appropriate balance of congregational support, tuition, and other sources of income” (p. 66) but did not specify what an appropriate balance is and did not present relationships between those funding models and enrollment.

Johnson's (2008) study compared the tuition rates of WELS LES in his area with those of other private, larger-than-average schools but did not establish a relationship between tuition and enrollment growth or decline. Jacobsen and Bauer's (2004) study is over a decade old, and their results have not been replicated. This study sought to find whether there is a relationship between tuition and enrollment and particularly between tuition and enrollment growth or decline in WELS LES and, if so, whether other factors mediate that relationship.

### **Summary**

Declining WELS LES enrollment and increasing reliance upon tuition are well-documented. These trends are also present in other school systems. Particularly for WELS LES, attitudes toward charging tuition of congregation members have varied over the years and appear to be changing. One relatively recent study explored tuition as a factor affecting enrollment in WELS LES, and another, more recent study compared WELS LES tuition rates to rates charged by larger schools in other systems.

### **Chapter III: Methodology**

#### **Introduction**

WELS LES face the challenges of declining enrollment and rising costs. While WELS LES have traditionally been funded by congregational offerings, schools are increasingly turning to member tuition to offset rising costs. By surveying WELS LES principals and conducting comparative and correlational analyses, I sought to determine whether there is a relationship between tuition and enrollment in WELS LES and whether other factors affect the relationship between tuition and enrollment. This study has several limitations.

#### **Research Questions**

This study sought to answer the following research questions:

1. Is there a relationship between tuition and enrollment in WELS LES?
2. How do the three funding models suggested by the WELS Task Force on Lutheran Schools (2013) relate to school enrollment?
3. What factors mediate the relationship between tuition and enrollment?

#### **Design**

This study is, in part, a comparative study. WELS LES were divided into two groups, (a) growing and (b) shrinking or static, based on their enrollment trends from 2010 to 2015, and the following factors were compared between growing and shrinking or static schools:

- current member tuition rates,
- the percentage of congregational budgets allocated to the LES, and
- the percentage of per-pupil operating costs covered by member tuition.

This study is also a correlational study designed to determine whether there are relationships between

- current member tuition and current enrollment,
- current member tuition and five-year change in enrollment, and
- five-year change in member tuition and five-year change in enrollment.

Additional analyses were conducted to determine the effect of the following on five-year enrollment change:

- setting (rural, urban, or suburban),
- funding philosophy,
- five-year trend in the number of kindergarten through eighth grade children in the congregation, and
- five-year trend in congregational weekly church attendance.

Participants whose schools increased tuition more than 20% over five years were asked to comment on their reasons for doing so and the effect raising tuition had on enrollment. All participants were given the opportunity to provide additional comments on factors contributing to enrollment growth and decline and on the relationship between tuition and enrollment in their schools.

### **Participants**

Using a list of WELS LES principals' email addresses provided by the Commission on Lutheran Schools, I sent an email to the principals of all WELS elementary schools asking them to participate in this study. The email contained a link to a Google Forms survey. I sent a follow-up email one week later with the hope of

increased participation. Responses were kept anonymous. Seventy-five of the 313 WELS elementary schools' principals participated, yielding a participation rate of 23.96 percent.

### **Instrumentation**

Data was gathered via an electronic survey created using Google Forms. The survey questions are included as Appendix A. Survey responses were automatically recorded in a Google spreadsheet, and I converted the Google spreadsheet to an Excel spreadsheet before analysis. Raw survey responses are available upon request.

### **Data Analysis Procedures**

This study is, in part, a comparative study. WELS LES were divided into two groups, growing and shrinking or static, based on their enrollment over a five-year period beginning in 2010. Non-parametric Mann-Whitney tests were used to compare the following factors between growing and shrinking or static schools:

- current member tuition rates,
- the percentage of congregational budgets allocated to the LES, and
- the percentage of per-pupil operating costs covered by member tuition.

This study is also a correlational study. Pearson product-moment correlation coefficients were calculated to determine whether there were relationships between

- current member tuition and current enrollment,
- current member tuition and five-year change in enrollment, and
- five-year change in member tuition and five-year change in enrollment.

A one-way analysis of covariance (ANCOVA) was conducted to determine the effect of the independent variable, type of setting (rural, urban, or suburban) on the

dependent variable, enrollment change over five years. The covariate was the tuition charged in 2015.

Three one-way between subjects analyses of variance (ANOVA) were conducted to determine the effects of the following factors on five-year enrollment change:

- funding philosophy,
- five-year trend in the number of kindergarten through eighth grade children in the congregation, and
- five-year trend in congregational weekly church attendance.

Participants whose schools increased tuition more than 20% over five years were asked to report their reasons for doing so and the effect of raising tuition on enrollment, and descriptive statistics were gathered. All participants were given the opportunity to provide additional comments on factors contributing to enrollment growth and decline and on the relationship between tuition and enrollment in their schools.

### **Limitations**

This study relies on data reported by the participants. Misunderstandings and irregularities could impact the results. As Johnson (2008) reported, some principals do not know how much it costs to operate their school. For example, according to the WELS Commission on Lutheran Schools (2014), at least one school leader reported a per-pupil operating cost of \$75, an almost unimaginably low number. This study encountered similar misunderstandings and irregularities. Several participants were unable to provide data related to per-pupil operating costs and congregational budgets, and some participants provided ranges of data (rather than precise figures) that were unusable in the analysis.

This study is further limited by low participation: only 23.96% of LES principals participated. I had intended to determine whether the relationship between tuition in enrollment varies by synod district, but I was unable to gather representative data from each of the 12 synod districts. See Appendix B for response by synod district.

This study sought to reveal relationships between tuition and enrollment but did not establish causal relationships. Undoubtedly, a school's enrollment growth or decline depends on multiple factors, some of which are beyond the scope of this study.

### **Summary**

Prompted by the trends of declining enrollment and rising tuition in WELS LES, this study sought to determine whether there was a relationship between tuition and enrollment in WELS LES. This study compared the funding practices of growing and shrinking or static schools and looked for relationships between tuition and enrollment and other factors potentially affecting school enrollment.



## Chapter IV: Results

### Introduction

Data from 38 growing schools and 35 shrinking or static schools were compared. A variety of statistical analyses were used to determine whether there was a relationship between tuition and enrollment in WELS LES, whether church and school funding models and setting relate to change in enrollment, and how the three funding models suggested by the Commission on Lutheran Schools (2013) related to change in enrollment. Additional analyses sought to determine whether there was a relationship between congregational factors and change in school enrollment. Finally, participants whose schools raised tuition at least 20% within the five years studied were asked to provide their reason for doing so and the effect they believed the tuition increase had.

### Data Analysis

A Mann-Whitney test was conducted to compare the member tuition rates of schools that have grown since the 2010-2011 school year ( $Mdn = 1005$ ) with the member tuition rates of schools whose enrollments have shrunk or stayed the same in the time frame ( $Mdn = 1000$ ). There was no significant difference between the tuition rates of growing schools and the tuition rates of shrinking or static schools ( $U = 622, p = 0.638$ ).

A second Mann-Whitney test was conducted to compare the percentage of sponsoring congregations' operating budgets dedicated to growing schools ( $Mdn = 65.5\%$ ) and the percentage of congregations' operating budgets dedicated to those schools that have shrunk or stayed the same ( $Mdn = 60\%$ )<sup>1</sup>. There was no significant difference between the mean percentage of growing schools' church budgets allocated to

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<sup>1</sup> Several participants were unable to provide precise percentages of their congregations' budgets allocated to the school. Therefore, for this test, 32 growing schools and 33 shrinking schools were compared.

the school and the mean percentage of shrinking or static schools' church budgets allocated to the school ( $U = 528.5, p = 1$ ).

A third Mann-Whitney test was conducted to compare the percentage of per-pupil operating costs covered by member tuition in growing schools ( $Mdn = 25\%$ ) to the percentage of per-pupil operating costs covered by member tuition in shrinking or static schools ( $Mdn = 22.5\%$ )<sup>2</sup>. There was no significant difference in the percentage of per-pupil operating costs covered by member tuition in growing schools versus that of shrinking or static schools ( $U = 542, p = 0.412$ ).

A Pearson product-moment correlation coefficient was computed to assess the relationship between current member tuition and current enrollment. There was a weak (according to Cohen, 1988) positive correlation between the two variables,  $r = 0.243$ . Schools with higher tuition were slightly more likely to also have higher enrollments.

A second Pearson product-moment correlation coefficient was computed to assess the relationship between member tuition and change in enrollment over the five-year period. There was a moderate positive correlation between the two variables,  $r = 0.363$ . Thus, schools with higher tuition were somewhat more likely to experience enrollment growth than enrollment decline.

A third Pearson product-moment correlation coefficient was computed to assess the relationship between tuition change from 2010-2015 and enrollment change over the same period. There was a moderate positive correlation between the two variables,  $r = 0.464$ . In other words, as tuition increased, so did enrollment.

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<sup>2</sup> Several participants were unable to provide precise percentages of costs covered by tuition. Therefore, for this test, 36 growing schools and 34 shrinking schools were compared.

A one-way analysis of covariance (ANCOVA) was conducted. The independent variable, type of setting, included three levels (rural, urban, and suburban), the dependent variable was the schools' enrollment change in the last five years, and the covariate was the tuition charged in 2015. A preliminary analysis evaluating the homogeneity-of-regression (slopes) assumption indicated that the difference between the covariate and the dependent variable did not differ significantly as a function of the independent variable,  $F(2,67) = 0.76, p = 0.472$ . The ANCOVA was not significant,  $F(2,69) = 0.01, p = 0.990$ , which suggests that the enrollment change was not dependent on the setting.

A one-way between subjects analysis of variance (ANOVA) was conducted to determine the effect of funding philosophy (whether school financial support is primarily the parents' responsibility, the congregation's responsibility, or a shared responsibility) on enrollment change. There was a significant effect of the funding philosophy on the enrollment change,  $F(2, 69) = 4.62, p = 0.002$ . Post hoc comparisons using the Tukey HSD test indicated that the mean enrollment change for schools in which funding is primarily the parents' responsibility ( $M = 37.286, SD = 54.252$ ) was significantly different than schools in which funding is primarily the congregation's responsibility ( $M = 3.577, SD = 15.862$ ) and schools in which funding is a shared responsibility ( $M = 1.180, SD = 20.891$ ). It is important to note the high standard deviations in this analysis, demonstrating widely varying enrollment trends in schools with each funding philosophy.

A second one-way between subjects analysis of variance (ANOVA) was conducted to determine the effect of the number of kindergarten through eighth-grade children in the congregation on enrollment change from 2010-2015. There was a significant effect of the number of kindergarten through eighth grade children in the

congregation on the change in enrollment,  $F(2, 70) = 14.04, p < 0.0001$ . Post hoc comparisons using the Tukey HSD test indicated that the mean enrollment change was statistically significant between all three samples of schools – those whose congregations had decreasing numbers of K-8 students ( $M = -12.609, SD = 14.547$ ), those whose congregations had increasing numbers of K-8 students ( $M = 20.310, SD = 31.005$ ), and those whose congregations' number of K-8 students had stayed the same ( $M = 4.333, SD = 12.583$ ).

A third one-way between subjects analysis of variance (ANOVA) was conducted to determine the effect of change in the sponsoring congregations' weekly church attendance from 2010 to 2015 on change in school enrollment over the same period. There was no significant effect of change in church attendance on change in enrollment  $F(2, 70) = 2.71, p = 0.074$ .

Participants whose schools had increased tuition at least 20% from 2010 to 2015 were asked to provide qualitative responses to two questions. First, participants whose schools had raised tuition at least 20% over the five-year period were asked to provide the rationale for doing so. Forty participants responded; a summary of their responses are displayed in Table 1.

Table 1

*Reasons for significantly raising tuition*

|                              | Responses |         |
|------------------------------|-----------|---------|
|                              | Number    | Percent |
| Change in funding philosophy | 9         | 22.5    |
| Response to rising costs     | 26        | 65      |
| Other reasons                | 5         | 12.5    |

Participants whose schools had increased tuition at least 20% from 2010 to 2015 were asked to evaluate the effect raising tuition had on enrollment in their schools.

Thirty-nine participants responded to this question; a summary of their responses are displayed in Table 2.

Table 2

*Reported effects of significantly raising tuition*

|                 | Responses |         |
|-----------------|-----------|---------|
|                 | Number    | Percent |
| Positive effect | 4         | 10.26   |
| Negative effect | 4         | 10.26   |
| No effect       | 24        | 61.54   |
| Unknown effect  | 7         | 17.95   |

**Summary**

The funding practices of growing and shrinking or static schools were compared, and relationships between tuition and enrollment were explored. Between growing and shrinking or static schools, no significant differences were found in terms of member tuition charged, percentage of congregation budget allocated to the school, and percentage of per-pupil costs covered by member tuition. No strong relationships were found between current member tuition and current enrollment, current member tuition and change in enrollment, or change in tuition and change in enrollment. Enrollment change was not affected by setting or weekly church attendance but was affected by funding philosophy and the number of K-8 children in the congregation.

## **Chapter V: Summary, Conclusions, and Recommendations**

### **Introduction**

WELS schools face the challenges of declining enrollment and rising costs. This study sought to answer the following research questions:

1. Is there a relationship between tuition and enrollment in WELS LES?
2. How do the three funding models suggested by the WELS Task Force on Lutheran Schools (2013) relate to school enrollment?
3. What factors mediate the relationship between tuition and enrollment?

Statistical analyses were used to determine whether there was a relationship between tuition and enrollment in WELS LES. Additional analyses sought to determine whether setting, church and school funding models, and congregational factors related to change in school enrollment.

### **Summary of Results**

Three Mann-Whitney tests were conducted to compare tuition-related factors between two groups of WELS LES: schools whose enrollments had grown from 2010 to 2015 and schools whose enrollments had shrunk or stayed the same over the same years. The three tuition-related factors compared were current congregation member tuition rates, the percentage of the sponsoring congregation's budget dedicated to schools, and the percentage of per-pupil costs covered by member tuition.

In all three cases, there were no significant differences between growing schools and shrinking or static schools. There was no significant difference between the member tuition charged by growing schools and the amount charged by shrinking or static schools, there was no significant difference between the percentage of sponsoring

congregations' budgets allocated to growing schools and the percentage of congregations' budgets allocated to shrinking or static schools, and there was no significant difference between the percentage of per-pupil operating costs covered by member tuition in growing schools and the percentage covered by tuition in shrinking or static schools.

Three Pearson product-moment correlation tests were conducted to assess the relationship between tuition and enrollment in three different ways. First, there was a weak positive relationship between current member tuition and enrollment. Higher member tuition correlated to a higher enrollment, but according to Cohen (1992), it was only a weak relationship ( $r = 0.243$ ). A second Pearson product-moment correlation test demonstrated a moderate positive relationship between current member tuition and enrollment change over the last five years. Higher member tuition corresponded to slight enrollment growth over five years, but it was only a moderate correlation ( $r = 0.363$ ). A third Pearson product-moment correlation demonstrated a positive relationship between member tuition change over the five-year period and enrollment change over the same period: as member tuition rose, so did enrollment. However, this, too, was only a moderate correlation ( $r = 0.464$ ).

A one-way analysis of covariance (ANCOVA) was conducted to determine if the school's setting – rural, urban, or suburban – affected the relationship between tuition and change in enrollment. In other words, did the relationship between current member tuition and change in enrollment vary by setting? According to the ANCOVA, it did not. There was no significant difference in the relationship between tuition and enrollment

across rural, urban, or suburban settings. Enrollment change was not dependent upon setting.

Since enrollment trends can depend on a variety of factors (Cochran, 2008; Commission on Parish Schools, 2001; James, 2007; Plath, 1990), three separate one-way analyses of variance (ANOVA) were conducted to determine the effect of factors other than tuition on enrollment change.

The first ANOVA found that funding philosophy had a significant effect on enrollment change. In this study, schools with the philosophy that funding education is the parents' responsibility saw a mean five-year enrollment gain of 37.286 students, schools with the philosophy that funding is primarily the congregation's responsibility experienced a mean five-year enrollment gain of 3.577 students, and schools with the philosophy that funding is a shared responsibility saw a mean enrollment gain of 1.18 students. In other words, the schools that experienced the most growth from 2010 to 2015 were those with the philosophy that paying for school is primarily the parents' responsibility.

A second ANOVA found significant differences in enrollment change when the number of kindergarten through eighth-grade children in the congregation decreased, increased, or stayed the same. Schools whose sponsoring congregations experienced a decline in the number of K-8 children from 2010-2015 experienced an average decrease of 12.609 students over the same period. Schools whose sponsoring congregations experienced an increase in the number of K-8 children over five years experienced an increase of 20.31 students on average. Schools whose congregations' number of K-8



children stayed the same over the five-year span realized an average increase of 4.333 students over the same five years.

A third ANOVA found that congregational church attendance had no significant effect on school enrollment change. There was no significant difference in enrollment change between schools whose congregations experienced increased church attendance, decreased church attendance, or static church attendance. Schools whose church's weekly attendance declined from 2010 to 2015 saw a decrease in enrollment of 3.962 students, schools whose church's weekly attendance increased from 2010 to 2015 saw an enrollment increase of 10.615 students, and schools whose church's weekly attendance stayed the same over the five-year period saw an enrollment increase of 10.333 students over the same period. According to the ANOVA, the differences in enrollment change between the samples were insignificant ( $F = 2.71, p = 0.074$ ). In short, a congregation's church attendance trend was not a reliable predictor of its parochial school's enrollment trend.

## **Conclusions**

**Relationship between tuition and enrollment.** This study's first research question asks, "Is there a relationship between tuition and enrollment in WELS LES?" To be sure, WELS LES are experiencing simultaneously declining enrollment, rising operating costs, and rising tuition (WELS Commission on Lutheran Schools, 2014; WELS Commission on Parish Schools, 2001, 2003). But is there a relationship between the simultaneously declining enrollment and rising tuition? Heller (1997) found that increases in tuition resulted in decreases in enrollment in higher education. James (2007) described increased tuition as one cause of declining enrollment in Catholic schools.

Krause and Rogalski (2006), writing about Christian schools in general, claimed that low tuition drives away parents who equate price with quality, thereby lowering enrollment. Johnson (2008) found that larger, non-WELS Christian schools were funded by tuition to a greater extent than the smaller WELS LES in his system (p. 49). Therefore, he recommended raising tuition as a means “to ensure academic excellence” and, thereby, increase enrollment (p. 74). Jacobsen and Bauer (2004) found varied relationships between tuition and enrollment: They found that tuition was

1. Negatively related to enrollment for WELS members living in Wisconsin whose congregations operated an LES,
2. Not significantly related to enrollment for WELS members whose congregations did not operate an LES,
3. Not significantly related to enrollment in WELS LES for non-WELS Christian families, and
4. Positively related to enrollment in WELS LES for mission-prospect families (p. 19-20).

This study did not produce the same findings as previous research on tuition and enrollment. Heller (1997) found that tuition had a negative impact on enrollment in higher education, and James (2007) described increased tuition as both a cause and result of declining enrollment in Catholic schools. Johnson (2008) found that larger schools tended to be funded by tuition to a greater extent than smaller schools. This study found no significant relationship between current tuition and current enrollment in WELS LES, only a moderate, positive relationship between current tuition and enrollment change, and

only a moderate, positive relationship between change in tuition and increase in enrollment.

Principals' descriptive responses support the finding that there was no relationship between change in tuition and change in enrollment. Most (61.54%) of principals whose schools raised tuition at least 20% from 2010 to 2015 reported no effect on enrollment while 10% reported positive effects and 10% reported negative effects. The remainder reported unknown effects of raising tuition.

While Johnson (2008) compared tuition in large schools to tuition in small schools, this study sought to compare tuition in growing schools to tuition in shrinking schools. Between growing and shrinking or static schools, this study found no significant difference in member tuition charged, percent of the congregation budget allocated to the school, or percentage of per-pupil costs covered by tuition. Growing WELS LES do not appear to be funded differently than shrinking or static WELS LES.

**Relationship between funding philosophy and enrollment.** The Task Force on Lutheran Schools (2013) identified three funding models employed in WELS LES: funding solely by the congregation, funding solely by parents, and a funding blend of congregational support and tuition. The Task Force encouraged all schools to develop sustainable funding models including “an appropriate balance of congregational support, tuition, and other sources of income” (p. 66). Those funding models represent different philosophies about who is responsible for funding LES education. In practice, few schools rely solely on congregational support or tuition; rather, most are funded partially and to varying degrees by member tuition (WELS Commission on Lutheran Schools, 2014). This study examined whether there is a relationship between the funding

philosophies presented by the Task Force on Lutheran Schools (2013) and enrollment. Schools with the philosophy that paying for education is primarily the parents' responsibility realized significantly larger enrollment gains than schools with the philosophy that it is primarily the congregation's responsibility and those with the philosophy that it is a shared responsibility. One must be cautious in drawing conclusions from this, however. This finding seems to contradict the finding that there was no significant relationship between tuition and enrollment. Perhaps schools' funding practices do not always match their funding philosophies, or perhaps schools' funding practices differ from the philosophies of their leaders participating in this survey. Participants' descriptive responses indicated that increases in tuition were more likely to result from rising costs than from changes in philosophy. Of the 40 participants who provided their schools' rationale for increasing tuition at least 20% over five years, 65% indicated that their schools raised tuition significantly in response to rising costs whereas 22.5% indicated that they increased tuition because of a change in funding philosophy. The remainder indicated other causes for raising tuition.

**Other factors.**

*Setting.* Jacobsen and Bauer (2004) found that the relationship between tuition and enrollment varied by setting: Living in Wisconsin increased the likelihood of enrolling in a WELS LES for WELS members whose churches operated an LES, and tuition was negatively related to enrollment for these families. Living in Wisconsin decreased the likelihood of enrolling in a WELS LES for WELS members whose churches did not operate an LES and for non-WELS Christians, and enrollment was not significantly related to tuition for these families. Johnson's (2008) study focused on

schools in the southwestern United States. The present study sought to determine whether the relationship between tuition and enrollment varied by WELS district but failed to collect enough responses from each of the twelve WELS districts to draw conclusions. However, this study did examine whether the relationship between tuition and enrollment varies by setting – rural, urban, or suburban – and found no significant relationship.

*Congregational factors.* Several authors have written in favor of tuition as means to free up congregational resources for other ministry (Heins, 1993; Patterson, 2011; WELS Commission on Parish Schools, 2011). One could surmise, then, that spending congregational money on ministry other than the school could affect school enrollment. Would reducing congregational support to the LES, thereby requiring schools to raise tuition, impact enrollment? As was demonstrated above, there was no significant relationship between tuition and enrollment. According to tuition advocates like Heins (1993) and Patterson (2011), spending congregational resources on ministry other than the LES would benefit the congregation. Would the health of these congregations in turn affect the enrollment at their LES? In an attempt to determine whether congregational health relates to school enrollment, this study sought to measure the relationship between two congregational trends – the number of kindergarten through eighth grade children in the congregation and the congregation’s weekly church attendance – and LES enrollment.

Perhaps not surprisingly, there was a correlation between the number of K-8 children in the congregation and LES enrollment. Schools whose congregations saw a five-year increase in the number of K-8 children also saw an average enrollment increase of 20.31 students. Schools whose congregations maintained a static number of K-8 children over five years saw an average enrollment increase of 4.333 students. And

schools whose congregations experienced a five-year decrease in the number of K-8 children experienced an average enrollment decrease of 12.609 students over five years. It is clear that the number of school-age children in the congregation is positively related to enrollment in the congregation's school. This finding supports earlier research by Cochran (2008) in LCMS schools and by the WELS Commission on Parish Schools (2001).

Another possible measure of congregational health is weekly church attendance. Cochran (2008) reported declining numbers of baptisms in LCMS, James (2007) noted changing values among American Catholics, and Plath (1991) described WELS as shrinking and aging. It would seem logical that these factors would contribute to declining weekly church attendance. This study found no significant relationship between trends in the congregation's weekly church attendance and trends in the congregation's LES enrollment.

Survey participants believed there was a link between congregational health and enrollment trends. In open-ended responses, several principals of growing schools listed growing numbers of young families and children in the congregation as a factor contributing to enrollment growth, and several principals of shrinking or static schools listed declining numbers of young families and children in the congregation as a factor contributing to enrollment decline.

## **Recommendations**

**Recommendations for practice.** 1. Church and school leaders should strive for ministry balance. Undoubtedly, many school leaders hesitate to raise tuition out of fear of driving away students. Since congregations fund most of the gap between tuition revenue

and the operating cost, school leaders should not keep tuition rates low to the detriment of other congregational ministry merely to maintain student enrollment numbers. Doing so could negatively impact the church's overall ministry while failing to maintain enrollment. If it can be determined that spending congregational resources on ministry other than the LES positively affects the number of K-8 children in the congregation, directing congregational resources away from the LES could actually positively impact LES enrollment. Since no significant relationship between tuition and enrollment was found, it seems clear, then, that it is not about the money. However, funding challenges will remain as costs continue to rise. This study demonstrates that raising tuition will not necessarily result in reduced enrollment.

2. School leaders should be cautious in implanting tuition increases. Johnson (2008) recommended "increasing tuition incrementally while educating parents and constituents regarding the change in funding" (p. 74), and that would seem to be wise advice for leaders who do elect to raise tuition.

3. School leaders who elect to raise tuition should be mindful that other aspects of the school will also need to change in order for enrollment to go up. Krause and Rogalski (2006) and Johnson (2008) advocated raising tuition in order to raise enrollment. Since this study found no significant relationship between tuition and enrollment, it is clear that merely raising tuition will not reverse the trend of declining enrollment. As Jacobsen and Bauer (2004) and Krause and Rogalski (2006) noted, parents are willing to pay more for school when they perceive a greater value. Johnson (2008) recommended comprehensive school improvement planning, of which tuition was only one aspect.

In conclusion, WELS LES funding decisions should be based on factors other than school enrollment, and efforts to raise enrollment should focus on factors other than funding. Good stewardship of congregational resources should consider the total congregational ministry. School leaders should seek to improve the aspects of their schools that will positively impact enrollment. Schools should be funded in a way that enables them to provide academic excellence and minister effectively students and their families. The source of a school's funding is of far less importance than its ability to carry out its mission effectively.

**Recommendations for further study.** 1. Researchers could utilize a different design in order to gather more actionable data. This study was limited by a low response rate. Of the 313 WELS LES, only 75 principals responded (a response rate of 23.96 percent), and only 73 principals responded with complete data that could be used for the study, yielding a sample size of 23.32 percent. Another attempt at gathering synod-wide LES data could be made. Perhaps changing the timing of the survey or simplifying it would yield a higher participation rate. Alternatively, a researcher could limit the survey to LES principals in a smaller geographic area such as one synodical district or a high school federation. This might yield a higher participation rate and clear recommendations for practice in that region.

2. Since no significant relationship between tuition and enrollment was found, researchers interested in understanding and reversing the trend of declining enrollment in WELS LES should conduct further research into the qualities present in growing schools but not present in shrinking schools.



This study found two qualities characteristic of growing schools. First, schools whose leaders reported having the philosophy that funding the school is primarily parents' responsibility saw larger enrollment gains than schools with the philosophy that funding is the congregation's responsibility and schools with the philosophy that funding is a shared responsibility. Further research could uncover how this could be true since no significant relationship between tuition and enrollment was found and what other factors coincide with the different funding philosophies. Second, a significant relationship was found between the number of kindergarten through eighth-grade children in the congregation and school enrollment. Further research could promote better understanding of this relationship and help church and school leaders know whether efforts to increase the number of children in the congregation might also increase the number of students in the school and whether efforts to increase school enrollment might also lead to increased numbers of children in the congregation.

3. Further research should be done into other factors' effect on enrollment.

Jacobsen and Bauer (2004) cited strong academic reputation as a factor affecting enrollment. Based on his comparison of large schools to small schools, Johnson (2008) recommended the following initiatives (in addition to incrementally increasing tuition) to increase school enrollments:

- providing financial aid to families who cannot pay increased tuition amounts,
- separating school budgets from church budgets to better understand the true costs of providing education,
- enhancing the role of the principal,

- offering workshops to teachers and parents on having high expectations for students,
- implementing safety and discipline plans,
- ensuring teacher excellence,
- increasing class size (to levels that do not diminish academic achievement),
- increasing spending on technology,
- increasing parental involvement,
- implementing programs for students with special needs,
- implementing aggressive marketing plans,
- maintaining and enhancing facilities, and
- remaining “steadfast and resolute regarding [the school’s] mission and ministry (p. 74-80).

Further research should be done to determine whether these factors relate to enrollment growth or decline.

4. Researchers should study whether total spending on the LES is related to enrollment. This study found that growing schools charged slightly higher tuition and accounted for a slightly higher percentage of their congregations’ budget that shrinking or static schools did. Further study provide insight into whether growing schools have higher operating costs than shrinking or static schools.

5. Further exploration into survey participants’ comments should be conducted. Principals of growing schools listed word-of-mouth promotion, community growth, congregational growth, and congregational support as factors for school growth. Principals of static or shrinking schools listed congregational decline, smaller families,

and diminished regard for Christian education as factors for enrollment decline. Word-of-mouth was the most commonly cited factor for school growth. Further research could pinpoint what factors prompt parents to promote their school and could uncover replicable word-of-mouth promotion strategies.

In conclusion, this study suggests that tuition has less effect on LES enrollment than other factors. Understanding these other factors could help school leaders reverse the trend of declining enrollment in WELS LES.

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**Appendix A: Survey Questions**

1. What is your school's current K-8 enrollment?
2. What was your school's K-8 enrollment on the opening day of school in 2010?
3. How much does your school charge in total tuition and fees for the first child in an operating congregation member family?
4. How much did your school charge in tuition and fees for the first child in an operating congregation member family five years ago?
5. What are your total tuition and fees for a non-member student?
6. What were your total tuition and fees for a non-member student in 2010?
7. If you have significantly raised your tuition (more than 20%) since 2010, to the best of your knowledge, what effect has it had on your school's enrollment?
  - a. Positive effect
  - b. Negative effect
  - c. No effect
  - d. Unknown
8. If you have significantly raised your tuition (more than 20%), which of these best reflects your reason for doing so?
  - a. Response to declining enrollment
  - b. Response to rising costs
  - c. Change in funding philosophy
  - d. Other reasons
  - e. Unknown reasons

9. What percentage of the total per-pupil operating cost of the school is covered by tuition and fees?
10. What percentage of the operating congregation's budget is allocated to the school?
11. Which funding philosophy best describes your school's philosophy?
  - a. School financial support is primarily viewed as the congregation's responsibility.
  - b. School financial support is a shared responsibility between school families and congregation.
  - c. School financial support is primarily viewed as a parent responsibility.
  - d. I don't know.
12. Since 2010, has the number of K-8 children in the operating congregation increased, decreased, or stayed the same?
13. Since 2010, has the operating congregation's weekly church attendance increased, decreased, or stayed the same?
14. In which synod district is your school located?
15. Which setting best describes your school's setting: urban, rural, or suburban?
16. Does your school receive funds through a parental choice program such as the Wisconsin Parental Choice Program or the Florida Tax Credit Scholarship?
17. To what factors aside from tuition do you attribute your school's enrollment growth or decline?
18. Do you have any comments on the relationship between tuition and enrollment at your school?



**Appendix B: Survey Response by Synod District**

| <b>Synod District</b>         | <b>Responding schools</b> | <b>Total schools</b> | <b>Response rate</b> |
|-------------------------------|---------------------------|----------------------|----------------------|
| <b>Arizona-California</b>     | 4                         | 21                   | 19%                  |
| <b>Dakota-Montana</b>         | 2                         | 5                    | 40%                  |
| <b>Michigan</b>               | 8                         | 41                   | 20%                  |
| <b>Minnesota</b>              | 10                        | 37                   | 27%                  |
| <b>Nebraska</b>               | 5                         | 16                   | 31%                  |
| <b>North Atlantic</b>         | 1                         | 2                    | 50%                  |
| <b>Northern Wisconsin</b>     | 15                        | 45                   | 33%                  |
| <b>Pacific Northwest</b>      | 1                         | 9                    | 11%                  |
| <b>South Atlantic</b>         | 4                         | 17                   | 24%                  |
| <b>Southeastern Wisconsin</b> | 16                        | 67                   | 24%                  |
| <b>Western Wisconsin</b>      | 9                         | 46                   | 20%                  |